



0000159247

J. Alan Smith, Private Citizen  
 600 S. Oak St., Space #4  
 Payson, Arizona 85541.  
 (928) 951-2083 Hm/Wk  
 In Propria Persona

RECEIVED

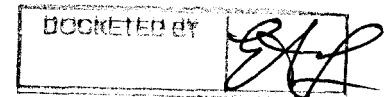
2015 JAN -9 P 12: 57

**Before the Arizona Corporation Commission**ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

JAN 09 2015

**COMMISSIONERS**

Bob Stump, Chairman  
 Bob Burns, Commissioner  
 Brenda Burns, Commissioner  
 Gary Pierce, Commissioner  
 Susan Bitter Smith, Commissioner

ORIGINAL

J. Alan Smith, Injured Party  
 Complainant,

vs.

PAYSON WATER CO. INC./BROOKE  
 UTILITIES INC.  
 Respondents.

DOCKET NO. W-03514A-12-0007

**NOTICE OF COMPLAINANT'S  
 6<sup>th</sup> DISCOVERY AND  
 DISCLOSURE  
 ARCP RULE 26.1 AND  
 AAC RULE R14-3-109 et. Seq.**

**NOW COMES**, the Complainant J. Alan Smith, to give Notice to the Commission and the Respondents, of the Complainant's compliance with Rules of Discovery and Disclosure in these matters before the Commission. The Complainant makes presentment of his Sixth Set of Discovery and Disclosure of Witnesses and Evidence and reserves the right to Supplement Discovery and Disclosure with additional documentation, reference and evidence. The Respondents are in possession of all previous disclosed Discovery and Disclosure as is evident by the Record in these proceedings. The Complainant discloses the following:

**TRIAL EXHIBITS****INDEX OF EXHIBITS**

Town of Payson Resolution No. 2570	Pages 1 to 2
Town of Payson Resolution No. 1322	Pages 3 to 11
Town of Payson, Location Maintenance – Transactions – Charges JW Holdings and Brooke Utilities Inc.	Pages 12 to 16
Town of Payson "Water Rate Schedule."	Pages 17 to 19
Complainant's Sixth Set of Discovery and Disclosure	Page 1

Motion to Quash (Docket No. W-03514A-12-0007	Pages 20 to 22
Town of Payson Administrative Policy, MDC Supplemental Water Supply	Pages 23 to 24
Exerts from, Pine Water/Complaint by Pugel-W-03514A-06-047	Pages 25 to 28
Staff Memorandum East Verde Park July 19,2012 and East Verde Hauling Invoices	Pages 29 to 34
Exerts from Decision 65914 and Pine Water Complaint by Pugel/W-03514A-06-047	Pages 35 to 44
Water Use data, Well Production 2008, 2009 MDC	Pages 45 to 47
Comparative Statement of Income and Expense PWYCO 2010, 2011, 2012	Pages 48 to 50
2011 MDC Water Augmentation Worksheet	Page 51
Work Sheet Provided by Connie Waleczak via Ombudsman Office	Pages 52 to 53
MDC Water Use Data Sheet 2011	Page 54
MDC Stage Notices 2011	Pages 55 to 80
Docket No W-03514A-13-0111/0142 Exhibit A-18 Grant/ WIFA February 20, 2014	Page 81
Docket No W-03514A-13-0111/0142 Testimony of Jason Williamson Sept 23, 2013	Page 82
TOP Water Dept Customer Maintenance- Ledger	Page 83 to 85
Reply to complainants motion to compel responses to data request March 25, 2013	Page 86

**WHEREFORE**, Notice is given to the Commission and the Respondents that the Complainant has filed his Sixth Set of Discovery and Disclosure with Trial Exhibits Attached herewith.

**Respectfully submitted** this 8<sup>th</sup> day of January, 2015

  
 J. Alan Smith, in Propria Persona

#### **CERTIFICATE OF SERVICE**

The Original and 13 copies of the foregoing Motion have been mailed this 8<sup>th</sup> day of January, 2015 to the following:

DOCKET CONTROL  
**ARIZONA CORPORATION COMMISSION**  
 1200 West Washington Street  
 Phoenix, Arizona 85007

Copies of the foregoing Motion have been mailed this 8<sup>th</sup> day of January, 2015 to the following:

Jason Williamson, President  
 Payson Water Co., Inc  
 7581 E. Academy Boulevard, Suite 229  
 Denver, Co 80230

By: 

**RESOLUTION NO. 2570**

**A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PAYSON, ARIZONA, ADOPTING AN INCREASE IN LONG TERM WATER RATES.**

**WHEREAS**, pursuant to A.R.S. § 9-511.01(A)(2), at its regular meeting on June 3, 2010, the Mayor and Common Council adopted a Notice of Intention to increase water rates and established August 5, 2010, as the date for public hearing on the proposed increase; and

**WHEREAS**, at least thirty days have passed since the adoption of said Notice of Intention and scheduling the public hearing; and,

**WHEREAS**, a copy of the Notice of Intention showing the date, time, and place of such public hearing was duly published in accordance with A.R.S. § 9-511.01(A)(2) in the June 11, 2010 edition of the *Payson Roundup*; and

**WHEREAS**, a written report and data supporting the increased long term water rates set forth herein has been made available to the public by the filing of a copy thereof in the Office of the Town Clerk at least thirty days prior to the public hearing held on August 5, 2010; and

**WHEREAS**, the Mayor and Common Council of the Town of Payson have held a public hearing on the proposed water rate increase and have otherwise complied with the requirements of A.R.S. § 9-511.01 and other relevant provisions of law; and

**WHEREAS**, the Mayor and Common Council of the Town of Payson have determined that the rates set forth in this Resolution are just and reasonable,

**NOW, THEREFORE, THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PAYSON, ARIZONA, DO HEREBY RESOLVE AS FOLLOWS:**

Section 1. That the long term water rates and effective dates set forth below be and are hereby adopted.

///

///

///

*Prepared by Town of Payson Legal Department*

cc: *Water attorney*


*AUG 05 2010 G.4  
11, 84*

	Current	October 1, 2011	October 1, 2012	October 1, 2013
Minimum monthly charge	\$21.71	\$23.78	\$25.68	\$26.96
Volume rate per 1,000 gallons				
2,001-5,000	\$2.93	\$3.21	\$3.46	\$3.64
5,001-10,000	\$3.87	\$4.23	\$4.57	\$4.80
10,001-20,000	\$4.42	\$4.84	\$5.23	\$5.49
20,001 and above	\$6.00	\$6.05	\$6.53	\$6.86

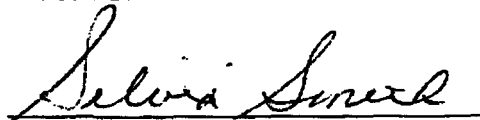
Section 2. All other such resolutions and parts of other resolutions in conflict with provisions in this Resolution are hereby repealed to the extent of such conflict.

PASSED AND ADOPTED BY THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PAYSON, ARIZONA, this 5<sup>th</sup> day of August, 2010, by the following vote:


AYES 6 NOES 0 ABSTENTIONS 0 ABSENT 1

  
Kenny J. Evans, Mayor

ATTEST:

  
Silvia Smith, Town Clerk

APPROVED AS TO FORM:

  
Timothy M. Wright, Town Attorney

**RESOLUTION NO. 1322**

**A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF  
THE TOWN OF PAYSON, ARIZONA, ADOPTING AN INCREASE  
IN RATES FOR WATER CONSUMPTION HIGHER THAN 10,000  
GALLONS PER MONTH FROM MAY THROUGH SEPTEMBER  
TO PROVIDE ECONOMIC INCENTIVE FOR WATER  
CONSERVATION DURING PEAK DEMAND MONTHS**

**WHEREAS**, on August 18, 1998, Town management staff filed a Council Decision Request justifying a water rate increase for water consumption higher than 10,000 gallons per month from May through September each year to provide economic incentive for water conservation; and,

**WHEREAS**, pursuant to A.R.S. § 9-511.01, at its regular meeting held August 27, 1998, the Mayor and Common Council adopted a Notice of Intention to Increase Water Usage Rates as set forth herein and established October 8, 1998, as the date for a public hearing on the proposed increase; and,

**WHEREAS**, at least thirty days have passed since the adoption of said Notice of Intention; and,

**WHEREAS**, the Mayor and Common Council of the Town of Payson has held a public hearing on the proposed rate increase and has otherwise complied with the requirements of A.R.S. § 9-511.01 and other relevant provisions of law.

**NOW, THEREFORE, THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PAYSON, ARIZONA, DO HEREBY RESOLVE AS FOLLOWS:**

Section 1. That the Town shall charge for usage of water according to the rates set forth in the rate schedule attached hereto, marked Exhibit "A" and incorporated herein by this reference as though set forth in full at this point.

Section 2. All other resolutions and parts of other resolutions in conflict with the provisions in this Resolution Number 1322 are hereby repealed to the extent of such conflict.

**PASSED AND ADOPTED BY THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PAYSON, ARIZONA, THIS 8<sup>th</sup> DAY OF October, 1998 BY THE FOLLOWING VOTE:**

Ayes 4 Nays 1 Abstentions 0 Absent 2

Vernon M. Stiffler  
Vernon M. Stiffler, Mayor

ATTEST:

Linda J. Foster  
Linda J. Foster, Town Clerk

APPROVED AS TO FORM:

Samuel I. Streichman  
Samuel I. Streichman, Town Attorney

**EXHIBIT "A"**  
to Resolution No. 1322

**WATER RATE SCHEDULE**

**Section 1.**

A. In locations where one meter serves a single residential or commercial unit, the monthly water bill shall be computed by the following schedule:

<u>Monthly Consumption</u>	<u>Monthly Rate Per 1,000 Gallons</u>	
	<u>Base Rates</u>	<u>Peak Rates</u>
0 to 2,000 Gallons	\$13.65	\$13.65
2,001 to 10,000 Gallons	1.83	1.83
10,001 to 20,000 Gallons	2.00	2.90
20,001 + Gallons	2.20	3.19

B. "Peak Rates" shall become effective May 1, 1999 and remain in effect from May through September each year. "Base Rates" shall apply during the months of October through April each year.

**Section 2.** In locations where a single water meter serves multiple residential or commercial units (apartments, town houses, trailer parks, business complexes and malls), the monthly minimum customer charge is \$13.65 multiplied by the number of units served. Each unit served will be allocated an additional 8,000 gallons @ \$1.83 per 1,000 gallons before charges for consumption excess of 10,000 gallons apply as presented at Section 1.

**Section 3.** If water sales increase more than 5% per year over the amount recorded during the previous fiscal year, the additional revenues shall be restricted in the Water Enterprise Fund for water conservation measures, exploration and development of new sources of water supply.

*For Legal Advertisement Publication in The Payson Roundup  
September 11 and 18, 1998*

**NOTICE OF INTENTION TO INCREASE WATER RATES**

PLEASE TAKE NOTICE that the Payson Town Council intends to increase rates for water consumption higher than 10,000 gallons per month from May through September each year to provide economic incentive for water conservation during peak demand months. A public hearing will be held on the proposed increased water rates as shown in this "Notice of Intention" at the regular meeting of the Town Council on October 8, 1998 at 6:00 PM or as soon thereafter as the matter may be heard, at the Town Council Chambers at Payson Town Hall, 303 North Beeline Highway, Payson, Arizona 85541. A written report providing data supporting these increased rates is available for inspection in the Office of the Town Clerk at Payson Town Hall.

The proposed new water rate schedule is as follows:

<u>Monthly Consumption</u>	<u>Monthly Rate Per 1,000 Gallons</u>	
	<u>Base Rates</u>	<u>Peak Rates</u>
0 to 2,000 Gallons	\$13.65	\$13.65
2,001 to 10,000 Gallons	1.83	1.83
10,001 to 20,000 Gallons	2.00	2.90
20,001 + Gallons	2.20	3.19

"Peak Rates" would become effective May 1, 1999 and remain in effect from May through September each year. "Base Rates" would apply during the months of October through April each year.

In locations where a single water meter serves multiple residential or commercial units (apartments, town houses, trailer parks, business complexes and malls), the monthly minimum customer charge is \$13.65 multiplied by the number of units served. Each unit served will be allocated an additional 8,000 gallons @ \$1.83 per 1,000 gallons before charges for consumption excess of 10,000 gallons apply.

If water sales increase more than 5% per year over the amount recorded during the previous fiscal year, the additional revenues would be restricted in the Water Enterprise Fund for water conservation measures, exploration and development of new sources of water supply.

Richard Underkofler  
Town Manager  
September 4, 1998



**TOWN OF PAYSON, ARIZONA  
MANAGEMENT STAFF REPORT**

**DATE:** September 4, 1998

**SUBJECT:** Supporting increased rates for water consumption higher than 10,000 gallons per month from May through September to provide economic incentive for water conservation during peak demand months.

**PREPARED BY:** Richard Underkofler, Town Manager  
Colin P. "Buzz" Walker, Public Works Director

**EXHIBITS:** Statistical Report Presenting Numbers of Customers by  
Monthly Consumption, January through July, 1998  
Peak Demand Month Water Cost Survey:  
Flagstaff, Prescott, Cottonwood, Show Low, Pine/Strawberry

The Town's management staff has been requested to develop another proposal for higher water rates that would apply during months of peak demand to provide economic incentive for water conservation.

The "rule of thumb" in water conservation literature suggests that water consumption will decrease 5% for every 15% rate increase. Our water resource management plan recommends implementing water conservation measures "to reduce peak summer demands, specifically, and all water use year-round by 10 to 20 percent".

A water rate increase went into effect February 1, 1998. The rate increased 10% for consumption between 10,001 to 20,000 per month; and, 20% for consumption greater than 20,000 gallons per month. This rate presently applies year-round.

To meet the conservation goal, rates currently in effect should be increased by at least 45% during peak demand months for consumption over 10,000 gallons per month. And, the lower water rate currently in effect for school and town accounts should be repealed.

The proposed new water rate schedule is as follows:

<u>Monthly Consumption</u>	<u>Monthly Rate Per 1,000 Gallons</u>	
	<u>Base Rates</u>	<u>Peak Rates</u>
0 to 2,000 Gallons	\$13.65	\$13.65
2,001 to 10,000 Gallons	1.83	1.83
10,001 to 20,000 Gallons	2.00	2.90
20,001 + Gallons	2.20	3.19

"Peak Rates" would become effective May 1, 1999 and remain in effect from May through September each year. "Base Rates" would apply during the months of October through April each year.

These "Peak Rates" would have impacted 30% of our customers had it been in effect during the month of July, 1998.

1998 Payson Water Consumption Data (See Exhibit for Raw Statistical Data)		
	January	July
No. of Customers Using 10,000 Gallons or Less Per Month	93%	70%
Total Consumption by this Classification	59%	30%
No. of Customers Using 10,001 to 20,000 Gallons Per Month	5%	20%
Total Consumption by this Classification	11%	27%
No. of Customers Using More Than 20,000 Gallons Per Month	2%	10%
Total Consumption by this Classification	30%	43%

Our initial recommendation pertaining to this topic suggested "windfall" revenues generated by this rate increase be restricted for exploration and development of new sources of water supply.

This report amends that suggestion to incorporate direction given at a meeting held August 27, 1998 by the Town Council in approving the notice of intention and setting the date for the public hearing. The notice of intention was changed to give notice that increased revenues may also be used for water conservation measures, i.e.;

"If water sales increase more than 5% per year over the amount recorded during the previous fiscal year, the additional revenues would be restricted in the Water Enterprise Fund for water conservation measures, exploration and development of new sources of water supply."

Peak Demand Month Water Cost Survey  
(Rates Prevailing in July)

Consumption (Gallons)	Payson Current	Payson Proposed	Flagstaff	Prescott	Coltonwood	Show Low	Pine/ Strawberry
2,000	\$ 13.65	\$ 13.65	\$ 11.70	\$ 9.18	\$ 10.00	\$ 20.30	\$ 22.60
5,000	\$ 19.14	\$ 19.14	\$ 20.25	\$ 14.42	\$ 13.45	\$ 21.95	\$ 32.50
10,000	\$ 28.29	\$ 28.29	\$ 37.00	\$ 23.73	\$ 19.20	\$ 30.20	\$ 49.00
15,000	\$ 38.29	\$ 42.79	\$ 53.75	\$ 33.88	\$ 24.95	\$ 38.45	\$ 75.00
20,000	\$ 48.29	\$ 57.29	\$ 70.50	\$ 44.14	\$ 30.70	\$ 46.70	\$ 101.00
25,000	\$ 61.29	\$ 76.14	\$ 94.25	\$ 54.84	\$ 36.45	\$ 54.95	\$ 127.00
30,000	\$ 72.29	\$ 92.09	\$ 118.00	\$ 65.54	\$ 42.20	\$ 63.20	\$ 153.00
50,000	\$ 116.29	\$ 155.89	\$ 213.00	\$ 108.94	\$ 65.20	\$ 96.20	\$ 257.00
100,000	\$ 226.29	\$ 315.39	\$ 450.50	\$ 221.30	\$ 122.70	\$ 178.70	\$ 517.00
150,000	\$ 336.29	\$ 474.89	\$ 688.00	\$ 336.30	\$ 180.20	\$ 261.20	\$ 777.00
175,000	\$ 391.29	\$ 554.64	\$ 806.75	\$ 393.80	\$ 208.95	\$ 302.45	\$ 907.00
200,000	\$ 446.29	\$ 634.39	\$ 925.50	\$ 451.30	\$ 237.70	\$ 343.70	\$ 1,037.00
225,000	\$ 501.29	\$ 714.14	\$ 1,044.25	\$ 508.80	\$ 266.45	\$ 384.95	\$ 1,167.00
250,000	\$ 556.29	\$ 793.89	\$ 1,163.00	\$ 566.30	\$ 295.20	\$ 426.20	\$ 1,297.00
275,000	\$ 611.29	\$ 873.64	\$ 1,281.75	\$ 623.80	\$ 323.95	\$ 467.45	\$ 1,427.00
300,000	\$ 666.29	\$ 953.39	\$ 1,400.50	\$ 681.80	\$ 352.70	\$ 508.70	\$ 1,557.00
500,000	\$ 1,106.29	\$ 1,591.39	\$ 2,350.50	\$ 1,161.90	\$ 582.70	\$ 838.70	\$ 2,597.00

TAABS -- MULTI PLUS Rate Code Statistical Report

	1-JUL		2-JUN		3-MAY		4-APR		5-MAR		6-FEB		7-JAN	
Rate	Numb.	Usage	Numb.	Usage	Numb.	Usage	Numb.	Usage	Numb.	Usage	Numb.	Usage	Numb.	Usage
0	211	0	218	0	300	0	421	0	486	0	469	0	429	0
1000	386	193400	447	224000	554	288100	596	284500	635	311900	571	285600	568	276400
2000	393	608300	431	680500	528	827200	561	887200	756	1198000	626	984800	603	954300
3000	459	1167700	455	1159800	614	1566300	707	1812400	862	2211600	753	1926800	714	1803800
4000	459	1634600	466	1662000	631	2237600	726	2569900	752	2662700	731	2579700	716	2541900
5000	455	2068000	472	2155800	539	2449500	595	2693100	589	2654900	580	2618600	559	2544800
6000	406	2247300	459	2534300	486	2695600	458	2532500	339	1869800	406	2249500	389	2142000
7000	368	2406000	387	2530400	369	2411900	349	2278500	228	1482800	271	1761900	295	1918500
8000	352	2657200	317	2390300	283	2136900	235	1769100	135	1022400	163	1228100	197	1481100
9000	246	2096600	285	2422900	231	1972900	147	1258800	102	870100	141	1197800	112	953400
10000	238	2268400	212	2021500	178	1698200	102	973700	67	637400	88	841400	97	924800
11000	197	2076200	169	1778800	107	1129100	89	932900	39	407300	65	684400	61	642100
12000	150	1735500	147	1700700	115	1320800	51	587800	27	311600	43	495300	61	704300
13000	159	1999000	136	1705400	70	878800	32	400800	28	349400	22	275500	27	338100
14000	136	1844400	115	1555600	63	854600	32	432600	8	108200	20	272300	31	416700
15000	103	1495400	81	1178700	46	665000	21	305400	16	232800	22	316700	16	231200
16000	111	1726100	73	1134100	41	636400	17	262500	13	202700	12	185900	4	61600
17000	90	1487600	65	1074100	32	528700	10	165300	6	98200	8	133000	13	215900
18000	79	1387400	56	982700	31	544300	11	193400	9	159400	10	174500	8	139700
19000	77	1425000	65	1207700	17	313600	12	222300	6	111900	5	92700	9	167600
20000	48	938700	54	1053600	15	294100	8	155500	5	97600	8	158500	6	118600
21000	44	904300	41	841800	12	247300	7	145400	1	21000	11	225900	10	207600
22000	57	1227900	43	924500	12	261200	12	259500	8	173700	2	43300	4	87000
23000	43	967800	26	585600	9	204000	7	158200	6	137200	3	68200	3	67400
24000	40	941000	34	799300	13	307700	3	71100	7	164700	5	118600	2	47100
25000	23	563700	16	393700	11	271500	4	98200	6	146800	5	122200	6	148200
26000	26	663000	20	508500	7	179700	4	102500	4	102600	3	77000	8	205500
27000	25	661500	18	480200	3	79700	4	106300	3	79900	6	159800	4	107100
28000	17	466400	20	552100	9	247600	5	138500	3	84000	2	54800	4	110400
29000	23	658300	10	285800	7	200600	7	201000	2	57800	4	115500	3	86300
30000	17	504600	11	325900	4	118900	2	59400	3	89000	5	148600	10	297400
31000	17	520100	11	336900	4	122200	2	60700	0	0	3	91900	5	153500
32000	8	252300	17	536900	4	126000	2	63100	8	253800	3	95300	4	125800
33000	13	423700	6	194400	5	163700	4	131000	3	98200	4	130400	3	98500
34000	7	236600	7	235200	3	101300	1	33300	1	34000	2	67100	0	0
35000	6	206900	8	277300	1	34500	1	35000	1	34800	2	68500	1	34100
36000	15	533800	12	428300	4	142500	3	107800	2	71800	3	107300	4	143100
37000	6	219100	6	220600	1	36700	0	0	2	73500	3	110500	2	73800
38000	9	336200	4	150800	2	74800	0	0	6	227300	3	113700	2	74500
39000	9	348100	6	231400	0	0	0	0	0	0	2	78000	1	38400
40000	7	277200	6	236900	3	120000	3	118200	1	39300	1	40000	2	79600
41000	4	162100	5	202900	5	204100	1	41000	2	82000	1	41000	3	122500
42000	4	166800	3	125400	1	41300	2	83500	0	0	2	83300	3	125100
43000	5	213000	5	213900	2	85400	4	169900	0	0	1	43000	6	257100
44000	5	218600	3	131000	3	131700	2	87500	0	0	2	87700	1	43200
45000	4	177900	3	133400	2	89300	1	44400	3	134200	0	0	1	44800
46000	2	91100	4	182800	1	46000	2	91200	0	0	1	45400	3	136800
47000	6	279900	1	46100	2	93200	1	46500	5	234700	2	93100	0	0
48000	3	142900	4	189900	0	0	0	0	1	47400	1	48000	0	0
49000	5	244000	4	194200	4	195200	2	97500	0	0	1	49000	1	48500
50000	6	299000	1	49900	1	49700	1	50000	1	50000	1	50000	0	0
60000	18	983900	19	1035700	10	551100	13	726700	10	549100	9	495800	10	561800
70000	19	1243800	19	1239100	17	1113200	7	447000	5	328000	5	326300	5	320600
30000	15	1143900	6	453400	4	305000	5	375000	7	534800	4	295500	7	530400

TAABS -- MULTI PLUS Rate Code Statistical Report

	1-JUL	2-JUN	3-MAY	4-APR	5-MAR	6-FEB	7-JAN
Age	Numb.	Usage;Numb.	Usage;Numb.	Usage;Numb.	Usage;Numb.	Usage;Numb.	Usage;
90000;	7	589800;	10	855500;	6	513900;	3
100000;	6	569400;	3	297500;	3	281300;	6
125000;	12	1345400;	11	1228700;	9	1028600;	6
150000;	13	1783000;	5	694000;	7	938000;	6
175000;	4	646000;	5	786100;	2	320000;	1
200000;	4	761000;	4	741000;	3	560000;	2
225000;	2	426000;	7	1512000;	0	0;	1
250000;	7	1652000;	2	468600;	0	0;	0
275000;	2	532000;	1	255000;	0	0;	0
300000;	1	281000;	0	0;	0	0;	0
500000;	1	330000;	1	330000;	1	414000;	0
0000000;	0	0;	1	888500;	1	693400;	1

\*\*\*\*\*

TOTALS: 500 50657000 5559 51943600 5448 36143900 5319 20771700 5227 23447800 5137 25228900 5058 26490800

# TOWN OF PAYSON WATER DEPARTMENT

## Location Maintenance - Transactions - Charges

Date : 2/25/2014 10:35:34 AM  
User Name : jfigueroa

Parcel Number : 304-17-159 Lot : E Block :  
Occupant Account number : Occupant Name :  
Location : 1010 S STOVER ROAD  
City : PAYSON State : AZ Zip : 85541  
Owner Account Number : Owner Name :

Date Range :

Customer Name	Value	Group/Income	Date
JW WATER HOLDINGS LLC	1.96	Service/Sales Tax	01/17/2014
JW WATER HOLDINGS LLC	22.47	Service/Water	01/17/2014
JW WATER HOLDINGS LLC	0.00	Service/Water Tax	01/17/2014
JW WATER HOLDINGS LLC	2.35	Service/Sales Tax	12/26/2013
JW WATER HOLDINGS LLC	26.96	Service/Water	12/26/2013
JW WATER HOLDINGS LLC	0.00	Service/Water Tax	12/26/2013
JW WATER HOLDINGS LLC	2.35	Service/Sales Tax	11/22/2013
JW WATER HOLDINGS LLC	26.96	Service/Water	11/22/2013
JW WATER HOLDINGS LLC	0.00	Service/Water Tax	11/22/2013
JW WATER HOLDINGS LLC	2.35	Service/Sales Tax	10/24/2013
JW WATER HOLDINGS LLC	26.96	Service/Water	10/24/2013
JW WATER HOLDINGS LLC	0.00	Service/Water Tax	09/26/2013
JW WATER HOLDINGS LLC	16.53	Service/Sales Tax	09/26/2013
JW WATER HOLDINGS LLC	189.57	Service/Water	09/26/2013
JW WATER HOLDINGS LLC	0.21	Service/Water Tax	08/27/2013
JW WATER HOLDINGS LLC	51.83	Service/Sales Tax	08/27/2013
JW WATER HOLDINGS LLC	594.43	Service/Water	08/27/2013
JW WATER HOLDINGS LLC	0.61	Service/Water Tax	08/27/2013
JW WATER HOLDINGS LLC	370.71	Service/Sales Tax	07/26/2013
JW WATER HOLDINGS LLC	4,251.23	Service/Water	07/26/2013
JW WATER HOLDINGS LLC	4.25	Service/Water Tax	07/26/2013
JW WATER HOLDINGS LLC	151.48	Service/Sales Tax	06/26/2013
JW WATER HOLDINGS LLC	1,737.18	Service/Water	06/26/2013
JW WATER HOLDINGS LLC	1.75	Service/Water Tax	06/26/2013
JW WATER HOLDINGS LLC	143.83	Service/Sales Tax	06/11/2013
JW WATER HOLDINGS LLC	1,649.40	Service/Water	06/11/2013
JW WATER HOLDINGS LLC	1.67	Service/Water Tax	06/11/2013
JW WATER HOLDINGS LLC	147.27	Service/Sales Tax	05/28/2013
JW WATER HOLDINGS LLC	1,515.16	Service/Water	05/28/2013

# TOWN OF PAYSON WATER DEPARTMENT Location Maintenance - Transactions - Charges

Date : 2/25/2014 10:35:34 AM

User Name : jfigueroa

BROOKE UTILITIES INC	1.53	Service/Water Tax	05/28/2013
BROOKE UTILITIES INC	2.50	Service/Sales Tax	04/26/2013
BROOKE UTILITIES INC	25.68	Service/Water	04/26/2013
BROOKE UTILITIES INC	0.00	Service/Water Tax	04/26/2013
BROOKE UTILITIES INC	2.50	Service/Sales Tax	03/26/2013
BROOKE UTILITIES INC	25.68	Service/Water	03/26/2013
BROOKE UTILITIES INC	0.00	Service/Water Tax	03/26/2013
BROOKE UTILITIES INC	2.50	Service/Sales Tax	02/27/2013
BROOKE UTILITIES INC	25.68	Service/Water	02/27/2013
BROOKE UTILITIES INC	0.00	Service/Water Tax	01/29/2013
BROOKE UTILITIES INC	2.50	Service/Sales Tax	01/29/2013
BROOKE UTILITIES INC	25.68	Service/Water	01/29/2013
BROOKE UTILITIES INC	0.00	Service/Water Tax	12/26/2012
BROOKE UTILITIES INC	2.50	Service/Sales Tax	12/26/2012
BROOKE UTILITIES INC	25.68	Service/Water	12/26/2012
BROOKE UTILITIES INC	0.00	Service/Water Tax	11/28/2012
BROOKE UTILITIES INC	9.28	Service/Sales Tax	11/28/2012
BROOKE UTILITIES INC	95.52	Service/Water	11/28/2012
BROOKE UTILITIES INC	0.11	Service/Water Tax	10/26/2012
BROOKE UTILITIES INC	41.28	Service/Sales Tax	10/26/2012
BROOKE UTILITIES INC	424.65	Service/Water	10/26/2012
BROOKE UTILITIES INC	0.44	Service/Water Tax	09/26/2012
BROOKE UTILITIES INC	2.31	Service/Sales Tax	09/26/2012
BROOKE UTILITIES INC	23.78	Service/Water	09/26/2012
BROOKE UTILITIES INC	0.00	Service/Water Tax	08/28/2012
BROOKE UTILITIES INC	34.71	Service/Sales Tax	08/28/2012
BROOKE UTILITIES INC	357.06	Service/Water	07/26/2012
BROOKE UTILITIES INC	0.40	Service/Water Tax	07/26/2012
BROOKE UTILITIES INC	137.62	Service/Sales Tax	07/26/2012
BROOKE UTILITIES INC	1,415.81	Service/Water	07/26/2012
BROOKE UTILITIES INC	1.54	Service/Water Tax	06/27/2012
BROOKE UTILITIES INC	0.21	Service/ADWR Fee	06/27/2012
BROOKE UTILITIES INC	212.89	Service/Sales Tax	06/27/2012
BROOKE UTILITIES INC	2,190.21	Service/Water	06/27/2012
BROOKE UTILITIES INC	2.37	Service/Water Tax	05/29/2012
BROOKE UTILITIES INC	0.21	Service/ADWR Fee	05/29/2012
BROOKE UTILITIES INC	28.24	Service/Sales Tax	05/29/2012
BROOKE UTILITIES INC	290.51	Service/Water	05/29/2012
BROOKE UTILITIES INC	0.33	Service/Water Tax	04/26/2012
BROOKE UTILITIES INC	0.21	Service/ADWR Fee	04/26/2012

Page 13

# TOWN OF PAYSON WATER DEPARTMENT Location Maintenance - Transactions - Charges

Page 14

Date : 2/25/2014 10:35:34 AM

User Name : jfigueroa

BROOKE UTILITIES INC	2.31	Service/Sales Tax	04/26/2012
BROOKE UTILITIES INC	23.78	Service/Water	04/26/2012
BROOKE UTILITIES INC	0.00	Service/Water Tax	04/26/2012
BROOKE UTILITIES INC	0.21	Service/ADWR Fee	03/27/2012
BROOKE UTILITIES INC	2.31	Service/Sales Tax	03/27/2012
BROOKE UTILITIES INC	23.78	Service/Water	03/27/2012
BROOKE UTILITIES INC	0.00	Service/Water Tax	03/27/2012
BROOKE UTILITIES INC	0.21	Service/ADWR Fee	02/27/2012
BROOKE UTILITIES INC	2.31	Service/Sales Tax	02/27/2012
BROOKE UTILITIES INC	23.78	Service/Water	02/27/2012
BROOKE UTILITIES INC	0.00	Service/Water Tax	02/27/2012
BROOKE UTILITIES INC	0.21	Service/ADWR Fee	01/27/2012
BROOKE UTILITIES INC	2.31	Service/Sales Tax	01/27/2012
BROOKE UTILITIES INC	23.78	Service/Water	01/27/2012
BROOKE UTILITIES INC	0.00	Service/Water Tax	01/27/2012
BROOKE UTILITIES INC	0.21	Service/ADWR Fee	12/27/2011
BROOKE UTILITIES INC	2.31	Service/Sales Tax	12/27/2011
BROOKE UTILITIES INC	23.78	Service/Water	12/27/2011
BROOKE UTILITIES INC	0.00	Service/Water Tax	12/27/2011
BROOKE UTILITIES INC	0.21	Service/ADWR Fee	11/28/2011
BROOKE UTILITIES INC	2.31	Service/Sales Tax	11/28/2011
BROOKE UTILITIES INC	23.78	Service/Water	11/28/2011
BROOKE UTILITIES INC	0.00	Service/Water Tax	11/28/2011
BROOKE UTILITIES INC	0.21	Service/ADWR Fee	10/26/2011
BROOKE UTILITIES INC	23.00	Service/Sales Tax	10/26/2011
BROOKE UTILITIES INC	236.67	Service/Water	10/26/2011
BROOKE UTILITIES INC	0.27	Service/Water Tax	10/26/2011
BROOKE UTILITIES INC	0.21	Service/ADWR Fee	09/28/2011
BROOKE UTILITIES INC	112.08	Service/Sales Tax	09/28/2011
BROOKE UTILITIES INC	1,153.05	Service/Water	09/28/2011
BROOKE UTILITIES INC	1.28	Service/Water Tax	09/28/2011
BROOKE UTILITIES INC	5.84	Service/Sales Tax	09/14/2011
BROOKE UTILITIES INC	60.00	Service/Water	09/14/2011
BROOKE UTILITIES INC	0.07	Service/Water Tax	09/14/2011
BROOKE UTILITIES INC	75.74	Service/Sales Tax	08/29/2011
BROOKE UTILITIES INC	779.25	Service/Water	08/29/2011
BROOKE UTILITIES INC	0.87	Service/Water Tax	08/29/2011
BROOKE UTILITIES INC	108.11	Service/Sales Tax	07/27/2011
BROOKE UTILITIES INC	1,112.25	Service/Water	07/27/2011
BROOKE UTILITIES INC	1.23	Service/Water Tax	07/27/2011



# TOWN OF PAYSON WATER DEPARTMENT Location Maintenance - Transactions - Charges

Date : 2/25/2014 10:35:34 AM

User Name : jfigueroa

BROOKE UTILITIES INC	76.44	Service/Sales Tax	06/28/2011
BROOKE UTILITIES INC	786.45	Service/Water	06/28/2011
BROOKE UTILITIES INC	0.88	Service/Water Tax	06/28/2011
BROOKE UTILITIES INC	2.11	Service/Sales Tax	05/27/2011
BROOKE UTILITIES INC	21.71	Service/Water	05/27/2011
BROOKE UTILITIES INC	0.00	Service/Water Tax	05/27/2011
BROOKE UTILITIES INC	2.11	Service/Sales Tax	04/28/2011
BROOKE UTILITIES INC	21.71	Service/Water	04/28/2011
BROOKE UTILITIES INC	0.00	Service/Water Tax	04/28/2011
BROOKE UTILITIES INC	2.11	Service/Sales Tax	03/28/2011
BROOKE UTILITIES INC	21.71	Service/Water	03/28/2011
BROOKE UTILITIES INC	0.00	Service/Water Tax	02/25/2011
BROOKE UTILITIES INC	65.83	Service/Sales Tax	02/25/2011
BROOKE UTILITIES INC	677.25	Service/Water	02/25/2011
BROOKE UTILITIES INC	0.76	Service/Water Tax	01/26/2011
BROOKE UTILITIES INC	58.13	Service/Sales Tax	01/26/2011
BROOKE UTILITIES INC	598.05	Service/Water	01/26/2011
BROOKE UTILITIES INC	0.68	Service/Water Tax	12/27/2010
BROOKE UTILITIES INC	2.11	Service/Sales Tax	12/27/2010
BROOKE UTILITIES INC	21.71	Service/Water	11/24/2010
BROOKE UTILITIES INC	0.00	Service/Water Tax	11/24/2010
BROOKE UTILITIES INC	2.11	Service/Sales Tax	11/24/2010
BROOKE UTILITIES INC	21.71	Service/Water	10/26/2010
BROOKE UTILITIES INC	0.00	Service/Water Tax	10/26/2010
BROOKE UTILITIES INC	35.39	Service/Sales Tax	10/26/2010
BROOKE UTILITIES INC	364.05	Service/Water	10/26/2010
BROOKE UTILITIES INC	0.42	Service/Water Tax	09/27/2010
BROOKE UTILITIES INC	77.14	Service/Sales Tax	09/27/2010
BROOKE UTILITIES INC	793.65	Service/Water	09/27/2010
BROOKE UTILITIES INC	0.89	Service/Water Tax	08/26/2010
BROOKE UTILITIES INC	2.11	Service/Sales Tax	08/26/2010
BROOKE UTILITIES INC	21.71	Service/Water	08/26/2010
BROOKE UTILITIES INC	0.00	Service/Water Tax	07/28/2010
BROOKE UTILITIES INC	27.92	Service/Sales Tax	07/28/2010
BROOKE UTILITIES INC	287.25	Service/Water	07/28/2010
BROOKE UTILITIES INC	0.34	Service/Water Tax	07/06/2010
BROOKE UTILITIES INC	53.46	Service/Sales Tax	07/06/2010
BROOKE UTILITIES INC	550.00	Service/Water	07/06/2010
BROOKE UTILITIES INC	0.72	Service/Water Tax	06/28/2010
BROOKE UTILITIES INC	5.16	Service/Sales Tax	06/28/2010

# TOWN OF PAYSON WATER DEPARTMENT

## Location Maintenance - Transactions - Charges

Date : 2/25/2014 10:35:34 AM

User Name : jfigueroa

BROOKE UTILITIES INC	53.10	Service/Water	06/28/2010
BROOKE UTILITIES INC	0.08	Service/Water Tax	06/28/2010
BROOKE UTILITIES INC	1.71	Service/Sales Tax	05/26/2010
BROOKE UTILITIES INC	19.65	Service/Water	05/26/2010
BROOKE UTILITIES INC	0.00	Service/Water Tax	05/26/2010

# Town of Payson Water Rate Schedule

PAGE 17

① of 3

How can ACC justify the proposed Payson Water Company rates when the Town of Payson, who has been in water conservation mode's top rate (and that is for over 20,000 gal. / month) is only \$6.86 per thousand. Gisela and Deer Creek particularly do not have a water shortage and so how can you justify a tiered water conservation rate on these two communities? Why are the rates for the other communities so much higher than what the Town of Payson pays?

	JUL 2010	OCT 2011	OCT 2012	OCT 2013
Consumption	Rates Per 1,000 Gallons Over Minimum			
0 to 2,000 Gal (Minimum)	\$ 21.71	\$ 23.78	\$ 25.68	\$ 26.96
2,001 to 5,000 Gal	\$ 2.93	\$ 3.21	\$ 3.46	\$ 3.64
5,001 to 10,000 Gal	\$ 3.87	\$ 4.23	\$ 4.57	\$ 4.80
10,001 to 20,000 Gal	\$ 4.42	\$ 4.84	\$ 5.23	\$ 5.49
20,001 + Gal	\$ 6.00	\$ 6.05	\$ 6.53	\$ 6.86
2,000	\$ 21.71	\$ 23.78	\$ 25.68	\$ 26.96
3,000	\$ 24.64	\$ 26.99	\$ 29.14	\$ 30.60
4,000	\$ 27.57	\$ 30.20	\$ 32.60	\$ 34.24
5,000	\$ 30.50	\$ 33.41	\$ 36.06	\$ 37.88
6,000	\$ 34.37	\$ 37.64	\$ 40.63	\$ 42.68
7,000	\$ 38.24	\$ 41.87	\$ 45.20	\$ 47.48
8,000	\$ 42.11	\$ 46.10	\$ 49.77	\$ 52.28
9,000	\$ 45.98	\$ 50.33	\$ 54.34	\$ 57.08
10,000	\$ 49.85	\$ 54.56	\$ 58.91	\$ 61.88
11,000	\$ 54.27	\$ 59.40	\$ 64.14	\$ 67.37
12,000	\$ 58.69	\$ 64.24	\$ 69.37	\$ 72.86
13,000	\$ 63.11	\$ 69.08	\$ 74.60	\$ 78.35
14,000	\$ 67.53	\$ 73.92	\$ 79.83	\$ 83.84
15,000	\$ 71.95	\$ 78.76	\$ 85.06	\$ 89.33
16,000	\$ 76.37	\$ 83.60	\$ 90.29	\$ 94.82
17,000	\$ 80.79	\$ 88.44	\$ 95.52	\$ 100.31
18,000	\$ 85.21	\$ 93.28	\$ 100.75	\$ 105.80
19,000	\$ 89.63	\$ 98.12	\$ 105.98	\$ 111.29
20,000	\$ 94.05	\$ 102.96	\$ 111.21	\$ 116.78
25,000	\$ 124.05	\$ 133.21	\$ 143.86	\$ 151.08
30,000	\$ 154.05	\$ 163.46	\$ 176.51	\$ 185.38
35,000	\$ 184.05	\$ 193.71	\$ 209.16	\$ 219.68
40,000	\$ 214.05	\$ 223.96	\$ 241.81	\$ 253.98
45,000	\$ 244.05	\$ 254.21	\$ 274.46	\$ 288.28
50,000	\$ 274.05	\$ 284.46	\$ 307.11	\$ 322.58
60,000	\$ 334.05	\$ 344.96	\$ 372.41	\$ 391.18
70,000	\$ 394.05	\$ 405.46	\$ 437.71	\$ 459.78
80,000	\$ 454.05	\$ 465.96	\$ 503.01	\$ 528.38
90,000	\$ 514.05	\$ 526.46	\$ 568.31	\$ 596.98
100,000	\$ 574.05	\$ 586.96	\$ 633.61	\$ 665.58
150,000	\$ 874.05	\$ 889.46	\$ 960.11	\$ 1,008.58
200,000	\$ 1,174.05	\$ 1,191.96	\$ 1,286.61	\$ 1,351.58
300,000	\$ 1,774.05	\$ 1,796.96	\$ 1,939.61	\$ 2,037.58
400,000	\$ 2,374.05	\$ 2,401.96	\$ 2,592.61	\$ 2,723.58
500,000	\$ 2,974.05	\$ 3,006.96	\$ 3,245.61	\$ 3,409.58

# Notable Cost vs. Miscellaneous Expenses over past 12 years

2

PAGE 10

Notice that Notable Cost, items that have their own category has decreased nearly 4% over these 12 years but "Miscellaneous Expenses" have increased 591% over that period equaling 63% of Payson Water Companies total budget for 2012. What company anywhere is allowed to report 63% of its expenses under unidentified "Miscellaneous Expenses" No auditor would accept this kind of reporting, nor would the IRS. Why would ACC accept this?

Its also interesting to note that when Mr. Williamson was asked on the stand, why he would invest in a company that was doing so poorly, he responded, "I saw an opportunity to make some money" he also stated that he based his decision on seeing another set of books. Yet ACC seems to show no interest in pursuing this, only on approving the rate hike on this questionable set of reporting. Why?

Source:	Payson Water Company Annual Reports filed with the ACC											
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Most notable expense increases:												
electrical utility costs	40,032	36,847	34,522	35,419	46,564	47,751	39,570	50,478	60,817	60,310	60,782	56,482
insurance costs	5822	8,767	9,545	9,217	9,762	6,270	7,038	2,652	2,210	2,374	2,614	266
property taxes	25,470	23,435	22,328	27,527	27,527	28,247	27,009	11,567	35,237	23,634	24,892	11,127
telephone costs*												
chemical costs related to water treatment	0	604	3,137	3,455	1038**	470	1,878	4,455	3,491	42	0	0
TOTAL OF "NOTABLE COSTS"	71,324	69,653	69,532	75,618	83,853	82,738	75,495	69,152	101,755	86,360	88,288	67,875
Regulatory Commission Expense - Rate Case	0	0	0	0	45	3408	1182	45	1381	0	0	0
Miscellaneous expenses	36,067	31,532	39,178	41,751	83,394	61,243	102,451	204,748	214,601	248,909	231,299	249,525
Total Revenue	445,163	476,060	494,390	492,535	498,678	517,968	516,296	533,683	471,587	447,464	497,039	394,908
Misc. Exp/Total Revenue	8.10%	6.62%	7.92%	8.48%	16.72%	11.82%	19.84%	38.37%	45.51%	55.63%	46.54%	63.19%
Repairs & Maintenance	0	144	98	0	16,552***	0	0	12,273	20,684	15,492	22,692	27,774

Sum Repairs & Maint. '08-'12

98,915

01-'12 % Change  
Misc. Expenses  
591.8%

01-'12 % Change  
"Notable" Costs  
-4.8%

Document No: W-03514A-13, Application, Direct Testimony Robert T. Hardcastle, pg. 5 lines 15-21.

Have there been any recent, significant changes or increases in Operating Expenses? Yes. During the last several years, PWC's costs to do business have increased as other businesses have experienced the same thing. The most notable expense increases are related to electrical utility costs, insurance costs, property taxes, telephone costs, and chemical costs related to water treatment. Otherwise, legal costs and expenses related to customer litigation, in significant part resulting from past Commission recommendations, have caused the Company's costs to increase significantly.

NOTE: Mr. Hardcastle does not mention Miscellaneous Expenses (nor Repair & Maintenance costs) as notable increases.

\*Telephone costs not shown on PWC Annual Reports

\*\*On 2005 Annual Report Chemical Costs = \$1,038, but on 2006 Annual Report's Previous Year data says \$3,455.

\*\*\*On 2005 Annual Report Repairs & Maintenance Expense \$16,552, but 2006 Annual Report's prior year which should be 2005, actually lists 2004 Annual Data.

## 2012 Mr. Robert T. Hardcastle's 2012 Arizona Water Utilities - Companies O\

		% Misc. Exp. Of	Total Oper	Op	Total Oper. Op Expenses w Profit/Loss 2.9% Misc. w Adj. Exp. MiscExp	
	Total Revenue	Total Rev.	Expenses	Profit/Loss		
PWC	394,908	<b>63.2%</b>	592,977	-198,069	156,835	238,073
NWC	105,392	<b>50.9%</b>	111,522	-6,130	54,803	50,589
TBWC	306,484	<b>46.9%</b>	293,033	13,451	171,686	134,798
CCWC	55,903	<b>41.9%</b>	130,645	-74,742	34,089	21,814
BWC	838,554	<b>40.6%</b>	620,132	218,422	522,011	316,543
<b>Total</b>	<b>1,701,241</b>	<b>48.7%</b>	<b>1,748,309</b>	<b>-47,068</b>	<b>939,425</b>	<b>761,816</b>

BEFORE THE ARIZONA CORPORATION COMMISSION

PAGE 20

Robert T. Hardcastle  
Payson Water Co., Inc.  
P.O. Box 82218  
Bakersfield, CA 93380-2218  
*Representing Itself In Propria Persona*

COMMISSIONERS

Gary Pierce, Chairman  
Paul Newman, Commissioner  
Brenda Burns, Commissioner  
Bob Stump, Commissioner  
Sandra D. Kennedy, Commissioner



IN THE MATTER OF J. ALAN SMITH	)	Docket No. W-03514A-12-0007
COMPLAINTANT	)	
	)	MOTION TO QUASH
	)	BROOKE UTILITIES, INC.
VS.	)	AS A PARTY TO THE
	)	COMPLAINT
PAYSON WATER CO., INC.,	)	
<u>RESPONDENT</u>	)	

Complainant J. Alan Smith (hereafter "Complainant") has filed a Formal Complaint into Docket No. W-03514A-12-0007 based on previously submitted informal complaints number 2011-998892. Complainant, as part of the Formal Complaint documents submitted in support thereof, has also erroneously included Brooke Utilities, Inc. ("Brooke") as a party to the Formal Complaint.

Brooke Utilities, Inc. is not an Arizona public service corporation pursuant to Article XV and A.R.S. §§ 40-250 and 40-251 and is not regulated by the Arizona Corporation Commission (the "Commission"). Brooke does not provide water service to the Complainant's or any customer within the Mesa del Caballo service area. The service area of the Complainant's has been issued to Payson Water Co., Inc. ("PYWCo") in the form of a Certificate of Convenience and Necessity ("CC&N"). Brooke has never been

1 issued a CC&N by the Commission. Brooke has never argued before the Commission in  
2 support of, or on behalf, of itself being considered a public service corporation within the  
3 definition of those sections set forth above. Brooke functions only as stock holding  
4 company of PYWCo and numerous other Arizona public service corporations.

5 Complainant desperately argues that Brooke is "joined at the hip" with PYWCo. It  
6 is unclear what Complainant means by this reference. Too often Complainant's  
7 unsuccessfully embellish their positions by asserting allegations of wrong doing, fraud,  
8 misrepresentation, and other positions by PYWCo. The assertion that Brooke should be a  
9 party to this Complaint is no different. Brooke operates as a completely separate business  
10 entity from PYWCo, does not file Commission Annual Reports, has separate Board of  
11 Directors, has employees that subsidiary water companies do not have, conducts separate  
12 annual shareholder meetings, and maintains separate books and records. Complainant  
13 offers no substantive evidence other than too frequently made allegations and innuendo  
14 of any business connection between PYWCo and Brooke. To reiterate, Brooke has no  
15 customers and has never been granted a CC&N by the Commission.

16 Pursuant to PYWCo's filing of its 2010 Annual Reports, and years prior, PYWCo  
17 operates within the definition of R14-2-103 (A)(3)(h) as a Class C public service  
18 corporation water utility with aggregate annual revenues less \$999,000. Measured as a  
19 classified water utility, the Mesa del Caballo water system would be classified as a Class  
20 D public service corporation. Clearly, PYWCo does not meet the criteria of A.R.S. R14-  
21 2-801 (1) as an affiliate and, more specifically, A.R.S. R14-2-802(1) which provides that  
22 "These rules are applicable to all Class A investor-owned utilities under the jurisdiction  
23 of the Commission" (emphasis added). PYWCo is a Class C water utility, not a Class A  
24 water utility.

25 PYWCo respectfully requests the Commission to direct Complainant to amend its  
26 Complaint excluding all references to Brooke as a party thereto and hereafter refrain from  
27 referring to the Respondent's as anything other than PYWCo.

RESPECTFULLY SUBMITTED this 22<sup>nd</sup> day of March 2012.

Payson Water Co., Inc.

By: 

Robert T. Hardcastle

*In Propia Persona*

ORIGINAL and 13 copies filed  
this 22<sup>nd</sup> day March 2012, with:

**Docket Control**  
**Arizona Corporation Commission**  
**1200 West Washington St.**  
**Phoenix, AZ 85007**

And copies mailed to the following:

Dwight Nodes, Administrative Law Judge  
HEARING DIVISION  
Arizona Corporation Commission  
1200 West Washington St.  
Phoenix, AZ 85007

Bobby Jones  
Lois Jones  
7325 No. Caballero Rd.  
Payson, AZ 85541

Janice Alward, Chief Counsel  
Legal Division  
Arizona Corporation Commission  
1200 West Washington St.  
Phoenix, AZ 85007

Steve Olea  
Utilities Division  
Arizona Corporation Commission  
1200 West Washington St.  
Phoenix, AZ 85007





**Administrative Policy**  
**MESA DEL CABALLO SUPPLEMENTAL**  
**WATER SUPPLY**  
 Water Department – A606mcd

Effective Date:  
 Feb, 2010  
Revised Date:

## SUPPLEMENTAL WATER SUPPLY TO MESA DEL CABALLO SUBDIVISION

### Summary

The Brooke Utilities, Inc. water company that provides public water service to it's customers in the Mesa del Caballo subdivision approximately one mile north of the Payson town limits has requested that the Town of Payson provide access to seasonal water supply from the Town of Payson. This supply is needed to prevent frequent summertime water shortages within the subdivision due to the effects of drought on the company's groundwater wells located throughout the subdivision. The company has expressed interest in working with the Town of Payson on utilization of the Town's proposed CC Cragin water pipeline and water treatment plant as a new source of water supply for the subdivision and an answer to the subdivisions chronic water supply problem. It is the intent of the Town of Payson to work with outlying communities adjacent or near to the proposed pipeline for development of adequate water supplies for those communities.

### Process

The process of working with Brooke Utilities, Inc. for the establishment of an adequate water supply for the Mesa Del Caballo subdivision consists of four phases.

**Phase One** involves the Town of Payson providing up to 86,400 gallons per day of potable water for use by public water system customers within the Mesa del Caballo subdivision. The Payson Water Department will make the water available within the Payson town limits at a point on E. Houston Mesa Road approximately 1,000 feet east of State Route 87. Brooke Utilities will be responsible for transporting the water to their water production facilities with the Mesa del Caballo subdivision.

Some restrictions apply to this water service:

1. Water supply can be discontinued by the Payson Water Department at any time.
2. Temporary service pursuant to this policy is a prelude to permanent water service to the Mesa del Caballo subdivision by use of CC Cragin Reservoir surface water supply delivered to the community via the proposed Payson pipeline and/or Payson Water Treatment Plant.
3. Temporary service pursuant to this policy is subject to progress between the Salt River Project and Brooke Utilities, Inc. on the use of CC Cragin Reservoir water supply for the Mesa del Caballo subdivision and on progress between Brooke Utilities, Inc. and the Town



**Administrative Policy**  
**MESA DEL CABALLO SUPPLEMENTAL**  
**WATER SUPPLY**  
 Water Department – A606mcd

Effective Date:  
 Feb, 2010  
Revised Date:

of Payson for use of Payson's CC Cragin Reservoir pipeline and/or water treatment plant for the benefit of the Mesa del Caballo subdivision.

4. Brooke Utilities must install and maintain a backflow preventer on any connection to Payson Water Department facilities.
5. Water use by Mesa del Caballo residents subject to the same restrictions as Payson Water Department customers whenever water is being supplied by the Town of Payson to the subdivision unless more stringent water restrictions are imposed by Brooke Utilities or as allowed by the Arizona Corporation Commission.
6. Water supplied under this agreement is subject to the then-existing water rates of the Payson Water Department.
7. Payson Water Department assumes no liability for the quality of any water provided after it leaves the Payson public water system facilities.
8. Brooke Utilities to maintain chlorine residual in Mesa del Caballo public water system while receiving Payson water supply.

**Phase Two** is agreement between the Salt River Project and Brooke Utilities, Inc. for the use of CC Cragin Reservoir surface water in Mesa del Caballo subdivision.

**Phase Three** is agreement between the Town of Payson and Brooke Utilities, Inc. for use of Payson's proposed pipeline and/or water treatment plant for service to Mesa del Caballo subdivision.

**Phase Four** is delivery by Town of Payson of CC Cragin Reservoir water, treated or un-treated, To Mesa del Caballo subdivision.

**References**

Brooke letter of 4-07-08 stating Brooke's desire to participate in CC Cragin project.  
 Brooke letter of 2-04-10 requesting seasonal water service to Mesa del Caballo.

Page 1093	Page 1095
<p>1 Q. This somebody else being the community?</p> <p>2 A. Probably.</p> <p>3 Q. Was that the end of the discussions of a sale</p> <p>4 since the last hearing?</p> <p>5 A. It was with Mr. Pugel, yes.</p> <p>6 Q. Does he appear to be a willing buyer in any way,</p> <p>7 shape or form in your opinion?</p> <p>8 A. Doesn't appear to me to be, no.</p> <p>9 Q. Mr. Gliege had another client that expressed</p> <p>10 some interest in buying the systems?</p> <p>11 A. Yes.</p> <p>12 Q. And you had first discussions through Mr. Gliege</p> <p>13 of that client's interest?</p> <p>14 A. Yes.</p> <p>15 Q. Is that the same client of Mr. Gliege's that you</p> <p>16 referenced there was some prior discussions with when</p> <p>17 you previously testified?</p> <p>18 A. Yes.</p> <p>19 Q. What is the status of those further discussions?</p> <p>20 A. Well, unfortunately those discussions don't</p> <p>21 appear to be positive or going anywhere either.</p> <p>22 Q. Why not?</p> <p>23 A. Because the interested party wanted, was</p> <p>24 interested in an asset purchase, not a stock purchase.</p> <p>25 And with the regulatory approvals that are tied with</p>	<p>1 Q. Does Brooke see these two water companies as a,</p> <p>2 as a good continuing business investment?</p> <p>3 A. Unfortunately, no.</p> <p>4 Q. So what will Brooke do given that viewpoint?</p> <p>5 A. Well, we continue to be a regulated entity and</p> <p>6 we will do our best to fulfill the regulatory</p> <p>7 obligations and serve our customers the best we can.</p> <p>8 MR. SHAPIRO: Thank you, Your Honor. I have</p> <p>9 nothing further.</p> <p>10 ACALJ NODES: Okay. Chairman Gleason.</p> <p>11</p> <p>12 EXAMINATION</p> <p>13 BY CHMN. GLEASON:</p> <p>14 Q. Yes. Mr. Hardcastle, this report, the K2 Well</p> <p>15 is going down into the R aquifer?</p> <p>16 A. Yes, Chairman, which report are we referring to?</p> <p>17 Q. I am looking at the Morrison.</p> <p>18 A. Okay.</p> <p>19 Q. It says that the -- but as I understand it, K2</p> <p>20 Well is going into the R or the C aquifer, is that --</p> <p>21 A. Not the C aquifer. It is going through the</p> <p>22 C aquifer down into the R aquifer.</p> <p>23 Q. Okay. Have you studied the -- with the</p> <p>24 hydrology report, is that R aquifer being replenished?</p> <p>25 Is it?</p>
Page 1094	Page 1096
<p>1 such a purchase, we think it is very problematic, very</p> <p>2 time consuming, very expensive, and the outcome is very</p> <p>3 much unknown.</p> <p>4 Q. And isn't it true that they wanted to conclude</p> <p>5 the sale and obtain Commission approval in six months?</p> <p>6 A. Yes.</p> <p>7 Q. Do you think that's realistic?</p> <p>8 A. Probably not.</p> <p>9 Q. Did Mr. Gliege's client also ask Brooke for an</p> <p>10 indemnification by Brooke against anything that might</p> <p>11 impact the assets?</p> <p>12 A. Yes. They wanted pretty much an open</p> <p>13 indemnification.</p> <p>14 Q. Did they also want all debts paid off including</p> <p>15 advances in aid of construction for the sale?</p> <p>16 A. Yes.</p> <p>17 Q. And was the purchase price that was offered</p> <p>18 acceptable to Brooke?</p> <p>19 A. No.</p> <p>20 Q. So what do you make of those efforts,</p> <p>21 Mr. Hardcastle?</p> <p>22 A. It appears that with respect to Mr. Gliege's</p> <p>23 other client, we neither also have a willing buyer.</p> <p>24 Q. Also do not have a willing buyer?</p> <p>25 A. We do not have a willing buyer.</p>	<p>1 A. Yes.</p> <p>2 Q. Where is it, is it from the Mesa?</p> <p>3 A. No. The source of the replenishment is</p> <p>4 essentially through the precipitation drainage to a very</p> <p>5 deep level. It is also through subterranean runoff from</p> <p>6 other areas into the R aquifer. I am not going to</p> <p>7 pretend to be a hydrologist, Mr. Chairman, but that's my</p> <p>8 understanding.</p> <p>9 Q. Yes, but it is being replenished then? It is</p> <p>10 not static water then?</p> <p>11 A. We don't believe so, no. We believe it is being</p> <p>12 replenished.</p> <p>13 CHMN. GLEASON: Okay, thank you.</p> <p>14 COM. MAYES: Your Honor.</p> <p>15 ACALJ NODES: Yes, Commissioner Mayes.</p> <p>16 COM. MAYES: Before we go to cross.</p> <p>17</p> <p>18 EXAMINATION</p> <p>19 BY COM. MAYES:</p> <p>20 Q. Mr. Hardcastle, to the point that Mr. Olea makes</p> <p>21 in his supplemental testimony, he says that Pine</p> <p>22 should -- is having trouble during the summer months</p> <p>23 responding within the five-day time frame to customer</p> <p>24 complaints.</p> <p>25 I recall distinctly during the last rate case</p>

Pine Water / Complaint by Pugel, et al. 9/27/2007  
W-03512A-06-0407, et al. Vol. VI

<p style="text-align: right;">Page 1097</p> <p>1 hearing similar complaints from customers about response 2 times, about difficulty getting ahold of people. Why 3 has this problem not been taken care of? I mean I heard 4 these same complaints three years ago. 5 A. Well, I recall the complaints three years ago as 6 well. I think the, I think the reference that Mr. Olea 7 is making in his testimony, and I don't have his 8 testimony before me, but my recollection is that what he 9 is essentially, what he is essentially making reference 10 here to is the, is the complaints that are actually 11 being filed at the Commission that are taking, in some 12 cases, longer than, I believe, the statutory requirement 13 of five days to respond to. 14 Q. Well, that's a problem, isn't it? Are you 15 denying that that's the case? 16 A. In some cases, Commissioner, it is the case. I 17 will also say that, you know, the reality of that is we 18 have a lot of water companies and a lot of water systems 19 to run. When you are getting this level of complaints 20 that are essentially coming from this many customers, 21 and sometimes you will receive five or ten or 15, 20 22 complaints in the course of a couple, two or three days, 23 sometimes it is very difficult to respond to all those 24 timely. And in every single case where we have had any, 25 any situation where we did not think we were going to be</p>	<p style="text-align: right;">Page 1099</p> <p>1 rules in the State of Arizona? 2 A. Of course we do, Commissioner, and we do the 3 very best we can. 4 Q. Well, if your best isn't good enough, what is 5 your plan? Our Staff is saying your best isn't good 6 enough, so what is the plan to deal with this? I mean 7 you obviously haven't dealt with it in the last three 8 years. We have more testimony that you are not dealing 9 with it. So what is the plan? 10 A. Well, I respectfully disagree with that, 11 Commissioner. I think the complaints we heard from 12 three years ago were not just limited toward the kinds 13 of informal, or formal complaints that Mr. Olea is 14 referencing in his testimony. I think we had a broader 15 scope. 16 I think what Mr. Olea is talking about is the 17 actual number of filed complaints that are coming into 18 the Commission. And, you know, we, we are trying to do 19 a better job, working more hours. We got, we have got 20 additional staff. We are trying to do a better job and 21 trying to respond to all those complaints in a timely 22 fashion. 23 Q. Well, as I recall, I have to go back and look at 24 the testimony, but I do recall the issue of the call 25 center coming up. And I remember discussing this with</p>
<p style="text-align: right;">Page 1098</p> <p>1 able to respond timely to a complaint within the 2 five-day period of time, I think we have always called 3 the Commission and told them we were trying to get that 4 done but we were probably going to be a day or two late. 5 Q. I guess I am confused now. Because I thought 6 this exhibit that Mr. Shapiro handed us was supposed to 7 suggest that you don't get a lot of complaints. Now you 8 are saying you do get a lot of complaints and that's why 9 you can't handle them all in a timely fashion. So which 10 is it? Am I wrong to be confused by your testimony? 11 A. I -- you know, for example, we have had 60 12 complaints in the year 2007 in Pine for water surcharge. 13 Some of those complaints, this particular report, PW-33, 14 does not, is not, is not provided by months so we may 15 have gotten, if we had two or three water hauling 16 periods, we may have gotten ten or 15 complaints with 17 regard to that category of complaint within a very short 18 period of time. Sometimes we get ten complaints in one 19 day. 20 Q. And you can't handle that? 21 A. We do our very best, but at the same time, you 22 know, we have 6,000 other customers to take care of as 23 well. 24 Q. As a regulated water company, don't you have a 25 responsibility to abide by the laws and statutes and</p>	<p style="text-align: right;">Page 1100</p> <p>1 you on the stand. I remember customers complaining 2 about the call center, the timeliness of response to 3 calls from the call center. 4 And, again, Mr. Olea's testimony, he says Staff 5 believes that Pine should provide Pine specific trained 6 individuals taking complaints at the call center so they 7 can more promptly and knowledgeably handle calls from 8 the Pine customers. If this cannot be done, then Pine 9 should provide a person or person in the Pine/Strawberry 10 area that can take its customers' complaints. 11 Now, somebody will have to correct me if I am 12 wrong, but I think this recommendation was made three 13 years ago. I distinctly recall this very same 14 recommendation being made either by Staff or some other 15 intervenor in the rate case. I guess it never happened, 16 is that correct? 17 A. That's not correct. 18 Q. So this recommendation has never been made, 19 there has never been a recommendation like this made? 20 A. Oh, with regard to the recommendation being 21 made? 22 Q. Yes. No, so I am just, I am misremembering? 23 A. No. I think you are, I think your recollection 24 of that was with regard to additional training and 25 hiring an additional person or putting additional</p>

10 (Pages 1097 to 1100)

<p style="text-align: right;">Page 926</p> <p>1 ACALJ NODES: If he were able to provide 2 documentation that reflects usage from the time that 3 agreement was entered into, would you be willing to pay 4 for water that you have taken from that well pursuant to 5 the agreement? 6 THE WITNESS: We certainly keep our promises in 7 the agreements, Your Honor, and if that's Mr. Weekes' 8 desire, we'll certainly accommodate that. 9 ACALJ NODES: All right. 10 Go ahead, Mr. Shapiro. 11 MR. SHAPIRO: Thank you, Your Honor. 12 Q. (BY MR. SHAPIRO) Mr. Weekes expressed quite a 13 bit of frustration that after six years he still can't get 14 water service to his development. Do you share that 15 frustration? 16 A. Absolutely. 17 Q. Why? 18 A. Well, you know, with all due respect, 19 Mr. Shapiro, I'm sick of paying legal bills. The time 20 that's required to deal with the issues is distracting 21 from the more important business of operating the business 22 and operating the water companies. It's a very demanding 23 process. 24 And, frankly, it seems like Brooke Utilities and 25 Pine Water Company is on the radar of -- you know, we feel</p>	<p style="text-align: right;">Page 928</p> <p>1 interested and a willing buyer. 2 And the other reason is that, you know, I look at 3 the customer animosity, as you say, a little differently. 4 Certainly I saw a lot of customers that were interested 5 and concerned in attendance this week, but I also look at 6 the company as a whole. Brooke Utilities owns water 7 systems throughout the state, that we're serving about a 8 little more than 8,000 customers. Brooke Utilities serves 9 more customers than the Town of Payson does. 10 And I look at the other customers and many of the 11 other water systems and the water companies, and the 12 nature of the complaints and the dissatisfaction using the 13 same resources, the same management, the same policies, 14 the same personnel, the same way of doing business in 15 those other 6- or 7,000 other customers of our other water 16 systems, and, you know, even though I haven't done a 17 mathematical calculation of that, virtually 100 percent of 18 the serious complaints, the formal complaints, come from 19 one particular source. 20 And so I look at that and I say to myself, well, 21 do I have two systems here? Do I have two ways of doing 22 business, and does that make sense? Is that practical? 23 Is that the right way of doing business? 24 You try to work within the regulatory scheme as 25 much as we possibly can, but I also think that, you know,</p>
<p style="text-align: right;">Page 927</p> <p>1 squeezed from just about every angle, because we've got 2 customers, we've got regulatory authorities, we've got 3 scrutiny from every angle there is, and it doesn't seem to 4 be that almost anything we do -- or whatever it is we do 5 is certainly called into question. So yeah, it's a tiring 6 process. This is -- you know, I think this running 7 business through the litigation process is a poor way to 8 run a business. 9 ACALJ NODES: Well, Mr. Hardcastle, let's just 10 get right down to it. If there's such animosity between 11 you, your company -- and, you know, I'm not going to 12 generalize and say a majority of customers, but at least a 13 number of customers as we have heard this week, why don't 14 you make an effort to try to negotiate a sale of the water 15 company? I mean, you're obviously frustrated with not 16 only the customers, as you perceive it, or potential 17 customers, developers, what have you, but also with the 18 Commission process and the litigation expense and all of 19 the other headaches, I guess, as you have described them. 20 Why don't you attempt to negotiate a sale of the 21 system so that the people in Pine can control their own 22 destiny, so to speak? 23 THE WITNESS: Well, that's a great question, Your 24 Honor. First of all, you've got to have not only an 25 interested and willing seller, but you have got to have an</p>	<p style="text-align: right;">Page 929</p> <p>1 you have to have a willing buyer and a willing seller, and 2 there has to be a fair price exchanged in between. 3 ACALJ NODES: Does that answer indicate that if 4 there were a willing buyer and there could be agreement on 5 price, that you would be willing to sell, let's say, the 6 Pine and/or Strawberry systems? 7 THE WITNESS: Your Honor, I think I have made it 8 publicly known for a long time, you know, I'm a 9 businessman and we have assets that have value. And if 10 those asset values can be monetized, yes, we have interest 11 in selling assets that can be fairly monetized. I've said 12 that publicly for a long time. 13 ACALJ NODES: Okay. Have you entered into -- 14 have you at any time entered into any negotiations, and 15 without going into any specifics, but have you had 16 discussions with any interested buyers over the past 17 number of years with regard to a sale? 18 MR. SHAPIRO: Can we go off the record for a 19 second, Your Honor? 20 ACALJ NODES: Yeah. 21 (An off-the-record discussion ensued.) 22 ACALJ NODES: Okay. Do you recall the question? 23 Can you answer that question? 24 THE WITNESS: I think so. Your Honor, over the 25 past year, we have had some transaction and purchase</p>

Page 1089	Page 1091
<p>1 water system.</p> <p>2 COM. MAYES: Right. And I understand that. But</p> <p>3 when you wrote -- when I wrote a letter to you, I did</p> <p>4 become concerned after I saw the number of outage</p> <p>5 notices that were coming across my desk earlier this</p> <p>6 summer. And I added them up. I went back and</p> <p>7 researched how many were occurring this summer. And I</p> <p>8 added them up. I wrote a letter to you. And you</p> <p>9 responded that that was not unusual for Pine Water</p> <p>10 Company, correct?</p> <p>11 THE WITNESS: Well, I think the nature of your</p> <p>12 letter was you were counting days of incidences of water</p> <p>13 outage. And I think my reply to you indicated that,</p> <p>14 while your information was accurate, there were</p> <p>15 certainly some outages there that were related to one</p> <p>16 interruption or single interruption that took multiple</p> <p>17 days to repair or return to service.</p> <p>18 A repair in Pine or Strawberry that takes two or</p> <p>19 three or four days to repair and return to service is a</p> <p>20 significant problem. That's pretty rare. That's pretty</p> <p>21 unusual.</p> <p>22 COM. MAYES: Okay. I will certainly ask</p> <p>23 Mr. Olea for his expert opinion in terms of comparing</p> <p>24 the number of outages that the customers of Pine Water</p> <p>25 Company experience relative to other similarly situated</p>	<p>1 all the frustration and cost of running the system, you</p> <p>2 don't just try to negotiate a sale of the system. Do</p> <p>3 you recall that?</p> <p>4 A. Yes, I do.</p> <p>5 Q. He also asked you, if there was a willing buyer</p> <p>6 and willing seller, would you be interested in selling</p> <p>7 the Pine Water and the Strawberry water system. Do you</p> <p>8 recall that?</p> <p>9 A. Yes.</p> <p>10 Q. And you responded that Brooke was essentially in</p> <p>11 the business and always interested in monetizing its</p> <p>12 assets, so if a deal makes good sense, it would be</p> <p>13 pursued, correct?</p> <p>14 A. Yes.</p> <p>15 Q. And you testified that there had been some</p> <p>16 discussions of a sale that had already taken place when</p> <p>17 you were on the stand before. Do you recall that?</p> <p>18 A. Yes.</p> <p>19 Q. Have there been any further efforts since those</p> <p>20 hearings to sell the company?</p> <p>21 A. Yes, there have.</p> <p>22 Q. Okay. What did, what efforts took place?</p> <p>23 A. Based on Mr. Pugel's testimony of the hearing,</p> <p>24 we contacted Mr. Gliege and had offered to monetize the</p> <p>25 assets of Pine and Strawberry Water Company to</p>
Page 1090	Page 1092
<p>1 water companies.</p> <p>2 BY MR. SHAPIRO:</p> <p>3 Q. Do you have the fire hydrant count that Judge</p> <p>4 Nodes asked for, Mr. Hardcastle?</p> <p>5 A. Yes.</p> <p>6 Q. And how many fire hydrants are currently</p> <p>7 operating in the Pine Water Company system?</p> <p>8 A. I think we count seven.</p> <p>9 Q. Did you determine whether Mr. David Brandt was a</p> <p>10 customer of Pine Water Company or any of the other</p> <p>11 Brooke systems?</p> <p>12 A. We tried. We researched our billing records and</p> <p>13 our customer records and our database a couple of</p> <p>14 different ways using different first names and different</p> <p>15 last names. We were, we were not able to locate a David</p> <p>16 Brandt customer.</p> <p>17 Q. Also you had indicated when you testified that</p> <p>18 one of the people making public comment, a Ms. Wilcox,</p> <p>19 had her meter being tested by the Corporation</p> <p>20 Commission. Has that test been completed?</p> <p>21 A. Yes.</p> <p>22 Q. And what did the Staff find?</p> <p>23 A. The error, the error accuracy was within the</p> <p>24 limits of the meter toleration.</p> <p>25 Q. Judge Nodes also asked you last time why, given</p>	<p>1 Mr. Pugel.</p> <p>2 Q. And what number did you use in your offer?</p> <p>3 Where did you get the value you offered to sell the</p> <p>4 companies to Mr. Pugel for?</p> <p>5 A. We essentially used his valuation number of</p> <p>6 \$4.3 million and offered it to him for that price.</p> <p>7 Q. It wasn't actually a value -- he didn't conduct</p> <p>8 the valuation; that was a document that Mr. Gliege had</p> <p>9 provided the company in advance of the trial in this</p> <p>10 case that he may use?</p> <p>11 A. That's correct, that's correct.</p> <p>12 Q. To the best of your knowledge that \$4.3 million</p> <p>13 valuation was a number that somebody came up with a few</p> <p>14 years ago when there was efforts to have the district</p> <p>15 take over for the companies?</p> <p>16 A. Yes. I believe that occurred in 2003, 2004.</p> <p>17 Q. What was Mr. Pugel's response to your offer to</p> <p>18 sell both of the companies to him for \$4.3 million?</p> <p>19 A. Mr. Pugel indicated that he has no interest</p> <p>20 being involved in the ownership of the water companies</p> <p>21 in any way.</p> <p>22 Q. What do you make of Mr. Pugel's response?</p> <p>23 A. I think Mr. Pugel's response is indicative of</p> <p>24 somebody who has a problem with the company and he wants</p> <p>25 somebody else to solve it besides himself.</p>

ORIGINAL

## MEMORANDUM



RECEIVED

TO: Docket Control Center

 FROM: Steven Olea  
 Director  
 Utilities Division

 2012 JUL 19 A 9:15  
 Arizona Corporation Commission  
 DOCKETED  
 DOCKET CONTROL  
 JUL 19 2012

DATE: July 19, 2012

DOCKETED BY

Lm

 RE: STAFF'S RESPONSE TO THE FILINGS OF PAYSON WATER  
 COMPANY ON JULY 5, 2012. DOCKET NOS. V  
 (PROPOSED CHANGE TO CURTAILMENT TARIFF) AND W-  
 03514A-12-0301 (EMERGENCY WATER AUGMENTATION TARIFF),  
 BOTH SPECIFIC TO THE EAST VERDE PARK WATER SYSTEM.

The above referenced filings are similar to previous filings made by Payson Water Company ("Company") specific to its Mesa Del Caballo Water System ("Mesa Del"). The Company filed the tariffs for Mesa Del due to heavy water hauling costs it experienced in 2009 of \$59,000. Those Dockets W-03514A-10-0116 (Emergency Water Augmentation Tariff) and W-03514A-10-0117 (Proposed Change to Curtailment Tariff) resulted in:

Decision No. 71902 (09/28/2010) authorizing a water augmentation tariff on a going-forward basis for Mesa Del, effective from May 1 through September 30 of each year. The Order also required a follow-up, permanent rate case filing by September 28, 2011.

Decision No. 72679 (11/17/2011) authorizing an extension of the due date to file the above required permanent rate case filing to March 31, 2012.

The Commission's Compliance Section reports that the Company has not filed the required permanent rate case application and there is no request for an extension on file; therefore, the Company is out of compliance for filing its permanent rate case.

Further, in Staff's review of the East Verde Park Water System ("East Verde") filings, it found that the water hauling cost for 2011 is \$2,850 and for 2012 (through June 30) is \$5,990. Expenses of these amounts provide insufficient information for Staff to conclude that any of the three usual requirements (situation of sudden change, situation of Company insolvency, or inability to maintain service) have been met to qualify as an emergency. Based on the information filed by the Company, Staff concludes there is no emergency condition existing currently.

The Company mentioned in the East Verde filings that it was aware of its obligation to file the permanent rate case but is delaying doing so for some future time

Payson Water Co., Inc.

**EXHIBIT 1**

**East Verde Park Water System Water Hauling Costs 2010-2012 YTD**

<u>Date</u>	<u>Invoice Ref.</u>	<u>Cost</u>
21-Jan-11	8773	\$3,225
7-Jul-11	8809	\$600
16-Aug-11	8817	\$900
7-Sep-11	8824	\$900
19-Oct-11	8828	\$450
5-Jun-12	27050B	\$700
10-Jun-12	27056B	\$700
14-Jun-12	27069B	\$1,050
22-Jun-12	27118B	\$1,094
1-Jul-12	9634	\$521
3-Jul-12	27242B	\$481
3-Jul-12	27244B	\$1,444
<b>Total</b>		<b>\$12,064</b>

TOP



**PEARSON WATER CO.**

P.O. BOX 193  
1120 RODEO RD.  
WILLIAMS, AZ 86046

**Invoice**

DATE	INVOICE NO.
7/7/2011	8809

<b>BILL TO</b>
BROOKE UTILITIES PAYSON WATER COMPANY P O BOX 8218 BAKERSFIELD, CA 93380

<b>DELIVER TO</b>
East Verde

WATER HAULED	QUANTITY	RATE	AMOUNT
From Payson To East Verde (2 Loads)			
4 Hours 150/HR	4	150.00	600.00
		<b>Total</b>	<b>\$600.00</b>

**PEARSON WATER CO.**  
P.O. BOX 193  
1120 RODEO RD.  
WILLIAMS, AZ 86046

RECEIVED  
AUG 16 2011  
BROOKE UTILITIES

**Invoice**

DATE	INVOICE NO.
8/16/2011	8817

<b>BILL TO</b>
BROOKE UTILITIES PAYSON WATER COMPANY P O BOX 8218 BAKERSFIELD, CA 93380

<b>DELIVER TO</b>
East Verde  12/04-01-1170.00

WATER HAULED		QUANTITY	RATE	AMOUNT
Payson to East Verde 08/11/2011 thru 08/12/2011 6 hrs @ 150.00		6	150.00	900.00
<b>Total</b>				\$900.00

8285354811 P-4

Aug 16 11 12:50p Pearson, Inc.

**PEARSON WATER CO.**

P.O. BOX 193  
1120 RODEO RD.  
WILLIAMS, AZ 86046

**Invoice**

DATE	INVOICE NO.
9/7/2011	8824

<b>BILL TO</b>
BROOKE UTILITIES PAYSON WATER COMPANY P O BOX 8218 BAKERSFIELD, CA 93380

<b>DELIVER TO</b>
EAST VERDE

13/04-01-7170.00

WATER HAULED	QUANTITY	RATE	AMOUNT
Payson to East Verde 09/05/2011 6 hours @ 150.00	6	150.00	900.00
24000 gallons			
<b>Total</b>			<b>\$900.00</b>

**PEARSON WATER CO.**

P.O. BOX 193  
1120 RODEO RD.  
WILLIAMS, AZ 86046

**Invoice**

DATE	INVOICE NO.
10/19/2011	0028

<b>BILL TO</b>
BROOKE UTILITIES PAYSON WATER COMPANY P O BOX 8218 BAKERSFIELD, CA 93380

<b>DELIVER TO</b>
EAST VERDE

13/04-01-7570.00

WATER HAULED	QUANTITY	RATE	AMOUNT
PAYSON TO EAST VERDE 09/28/2011	3	150.00	450.00
<b>Total</b>			<b>\$450.00</b>

1 months of 2002 and 2003.

2 Mr. Hardcastle asserts that it is likely the Company will be required to supplement its water  
3 supply by hauling water in to the service area during peak summer periods. He testified that, despite  
4 the Company's efforts to reduce leaks, as well as the construction of Project Magnolia, Pine Water  
5 has needed to transport water in 1997-1998, 1999-2000, 2000-2001, and 2001-2002 to meet customer  
6 demand. Mr. Hardcastle explained that the water shortage situation in the Pine area is due to  
7 hydrological and geological constraints. He stated that there is no aquifer below Pine and water in  
8 the area travels from north to south and east to west in the Mongolon Rim area through fractured  
9 rock. Therefore, wells drilled in the area are often unproductive or produce limited volumes of water.

10 Mr. Hardcastle also attributes the water shortage situation to Gila County's allowance of  
11 increased residential and commercial development. He claims the County has ignored the fact that  
12 Pine's water supply is inherently limited. He contends that Gila County has allowed the population  
13 in Pine to expand beyond the level that can be supplied from the existing water resources in the area.

14 Mr. Hardcastle states that Pine Water is scheduled to drill four new wells in Strawberry in the  
15 second quarter of 2003, and water from these wells, if they are productive, could be moved to Pine  
16 through the Project Magnolia pipeline. He also indicated that Pine Water has installed telemetry tank  
17 monitoring devices to assist the Company in monitoring water storage levels. Mr. Hardcastle cites  
18 the Company's revised curtailment plan tariff, and a new rate design that will be proposed in the  
19 Company's forthcoming rate case application, as examples of Pine Water's efforts to promote  
20 conservation.

21 Because Pine Water expects that it will need to haul water again this summer to meet  
22 anticipated peak demand, the Company has made arrangements with Starlight Pines Water Company  
23 ("Starlight"), located approximately 40 miles north of Strawberry, to buy supplemental wholesale  
24 water. Mr. Hardcastle claims that Pine Water could purchase a maximum volume of 150,000 gallons  
25 per day from Starlight under the agreement. According to Mr. Hardcastle, no other local sources of  
26 supplemental water are available to the Company. Mr. Hardcastle asserts that the cost of  
27 transporting one load of water (approximately 6,500 gallons) is almost \$40.00 per thousand gallons.  
28 Thus, a single truck load of water would cost the Company approximately \$260, plus the cost of the

Page 102	Page 104
<p>1 ACALJ NODES: Okay. Thank you.</p> <p>2 Next is Jim Worthle, if I pronounced that</p> <p>3 correctly.</p> <p>4 MR. KRAFCZYK: Your Honor, he had to leave for an</p> <p>5 appointment, but he did give some information to someone</p> <p>6 else from the ACC.</p> <p>7 ACALJ NODES: Okay. Very well. Could you say</p> <p>8 your name again for the record. The court reporter is</p> <p>9 trying to transcribe and she is trying to --</p> <p>10 MR. KRAFCZYK: My name is Fred Krafczyk. Smith.</p> <p>11 ACALJ NODES: It figures it would be the guy with</p> <p>12 the most difficult name that keeps popping up.</p> <p>13 Next is Steve Morken. Do I have that correct?</p> <p>14 (No response.)</p> <p>15 ACALJ NODES: And we'll ask again at the end if</p> <p>16 there's anyone else that wants to make public comment. So</p> <p>17 if for some reason someone is late from returning from</p> <p>18 lunch, we're not going to foreclose the opportunity to</p> <p>19 give public comment.</p> <p>20 Next, Tamara Logsdon.</p> <p>21 (No response.)</p> <p>22 MALE VOICE: They're both late.</p> <p>23 ACALJ NODES: Again, anyone -- at the end we'll</p> <p>24 recall just whoever else wants to be heard and give them</p> <p>25 the opportunity. So we're not missing --</p>	<p>1 heard and are going to hear a great deal of testimony</p> <p>2 concerning hauling charges, K2 well sites and related</p> <p>3 right-of-ways, stealing water from Strawberry for use in</p> <p>4 Pine, moratorium on water meters, water outages and the</p> <p>5 resulting disruption to business, and, of course, how the</p> <p>6 County Board of Supervisors allowed those damn developers</p> <p>7 to create water improvement districts that are said to</p> <p>8 steal the water under Pine just to make money, develop</p> <p>9 jobs, and create a larger tax base for the county</p> <p>10 government.</p> <p>11 I find it interesting that the water monopoly,</p> <p>12 which in this case is virtually guaranteed a 10 percent</p> <p>13 profit without regard to whether or not it provides</p> <p>14 adequate service, can't seem to find new water. When</p> <p>15 entrepreneurs and private business must provide adequate</p> <p>16 water service to make a profit or to keep property owners</p> <p>17 satisfied, they're not only able to find water in</p> <p>18 sufficient quantities to service their clients, but they</p> <p>19 also have excess water to sell to the monopoly. Perhaps</p> <p>20 that's why America was built on an entrepreneurial free-</p> <p>21 enterprise system and not on a system that the government</p> <p>22 protects monopolies.</p> <p>23 I'm not going to recite a lot of facts, and it's</p> <p>24 not my intention to discount the issues I just mentioned</p> <p>25 or the many other important issues that will come up. I</p>
Page 103	Page 105
<p>1 FEMALE VOICE: Supervisor Martin is here.</p> <p>2 ACALJ NODES: Supervisor Martin is here. Okay.</p> <p>3 Welcome.</p> <p>4 SUPERVISOR MARTIN: Judge, thank you very much.</p> <p>5 ACALJ NODES: Yes. Thank you, Supervisor Martin,</p> <p>6 for coming down all of this way, and we look forward to</p> <p>7 your public comment.</p> <p>8 SUPERVISOR MARTIN: I have copies for everybody</p> <p>9 here in a second. I appreciate you having the public</p> <p>10 comment period extended so that you could hear everybody.</p> <p>11 We very much appreciate that.</p> <p>12 My name is Tommie Cline Martin. I'm the Gila</p> <p>13 County District 1 Supervisor that represents most of</p> <p>14 Northern Gila County and all of the Pine and Strawberry</p> <p>15 area.</p> <p>16 ACALJ NODES: If I may interject, if you'll just</p> <p>17 slow down a little bit. The court reporter needs to</p> <p>18 transcribe everything that you're saying, and we want to</p> <p>19 make sure that we get it all down. Just take your time.</p> <p>20 And she's very good, but sometimes people talk a little</p> <p>21 too quickly. So just slow it down just a little bit, if</p> <p>22 you would. Thank you.</p> <p>23 SUPERVISOR MARTIN: I, like you and the</p> <p>24 Commissioners and the Staff, have been greatly frustrated</p> <p>25 over the water situation in Pine and Strawberry. You have</p>	<p>1 just don't want us to forget what we're really talking</p> <p>2 about and what we should have been talking about all</p> <p>3 along, and that is private property rights.</p> <p>4 It's not only the rights of owners of relatively</p> <p>5 small tracts of undeveloped land that we're concerned</p> <p>6 about here. It's the rights of over 3,000 existing</p> <p>7 individual homeowners, and over 1,000 existing vacant lot</p> <p>8 owners in the Pine/Strawberry area who cannot confidently</p> <p>9 utilize their properties because of inadequate water</p> <p>10 service.</p> <p>11 Since I've been on the Board of Supervisors, I</p> <p>12 have supported the ACC and its moratoriums on water</p> <p>13 meters, whether that meant just a limited amount of months</p> <p>14 or the current directive of no new meters. I supported</p> <p>15 those decisions because I saw them as an appropriate</p> <p>16 balancing of private property rights between current</p> <p>17 residents and future homeowners.</p> <p>18 If there was not enough water for current</p> <p>19 residents, it made sense to temporarily deny future</p> <p>20 residents rights to use the limited water and protect the</p> <p>21 property rights of current residents that already built</p> <p>22 homes and moved to the area.</p> <p>23 I, in addition to the Commissioners and the</p> <p>24 Staff, have been taken in by the 11-year litany that we've</p> <p>25 heard that there was no more water to be found under Pine.</p>

Pine Water / Complaint by Pugel, et. al. 8/6/2007  
W-03512A-06-0407, etc. Volume I

<p style="text-align: right;">Page 126</p> <p>1 a leak?</p> <p>2 MS. DREW: No, no. You must have had a leak.</p> <p>3 ACALJ NODES: And was there any repair ever made?</p> <p>4 MS. DREW: No.</p> <p>5 ACALJ NODES: Okay.</p> <p>6 MS. DREW: In other words, their thing was if the</p> <p>7 meter read close to what they said it was, then it was</p> <p>8 from the meter to my house so that it was my problem.</p> <p>9 ACALJ NODES: Okay. Well, I would -- if you have</p> <p>10 time, if you can talk to a Pine Water Company or Brooke</p> <p>11 representative before you leave today, and in addition</p> <p>12 talk to someone from our Consumer Services division.</p> <p>13 Those were the people out there taking the sign-up slips.</p> <p>14 MS. DREW: Okay.</p> <p>15 ACALJ NODES: Perhaps they can -- I don't know if</p> <p>16 they can go back.</p> <p>17 MS. DREW: Well, I actually did ask today about</p> <p>18 the difference, the double amount of the water hauling</p> <p>19 charge, and I was told it's because they're hauling more</p> <p>20 water. I said, but if it's based on the number of</p> <p>21 gallons --</p> <p>22 ACALJ NODES: Right.</p> <p>23 MS. DREW: -- why is it double? That doesn't</p> <p>24 make sense to me.</p> <p>25 ACALJ NODES: Well, we've heard this from a</p>	<p style="text-align: right;">Page 128</p> <p>1 get from the utility on my website.</p> <p>2 MS. DREW: Okay. I appreciate that. And I would</p> <p>3 just like to add, as far as the main issue of what you're</p> <p>4 here for, the hearing is for, I'm aware of all the rumors</p> <p>5 that are going around, and I'm also not naive enough to</p> <p>6 believe that everybody here is in it for the good of the</p> <p>7 community. And I just want to know that whatever</p> <p>8 decisions you make are based on what is the best thing for</p> <p>9 the community, and not any individual.</p> <p>10 I mean, I don't want us to pull out of -- you</p> <p>11 know, get Brooke out of there and get other people in</p> <p>12 there, and then they're just going to further their own</p> <p>13 agenda. I want it to be what is best for the people.</p> <p>14 ACALJ NODES: All right. Thank you for your</p> <p>15 comments. We appreciate that.</p> <p>16 Let's see. Lawrence Bagshaw.</p> <p>17 MR. BAGSHAW: My name is Lawrence Bagshaw. I'm a</p> <p>18 property owner in Strawberry. My extended family is also</p> <p>19 property owners in Pine.</p> <p>20 I think I speak for most, if not all of us here.</p> <p>21 That we voted to become a taxing district for the Pine</p> <p>22 Water -- Pine/Strawberry water improvement association,</p> <p>23 recognizing that this was a regional problem and that it</p> <p>24 needed to be attacked regionally.</p> <p>25 And from what I have heard today, I don't believe</p>
<p style="text-align: right;">Page 127</p> <p>1 number of people, and I think at a minimum Brooke</p> <p>2 Utilities is going to have to come up with some reasonable</p> <p>3 explanation that they can give to people to explain in a</p> <p>4 way that people that are -- that it's understandable</p> <p>5 because, as you say, it appears that there's some</p> <p>6 discrepancies here. And I don't know what the answer is.</p> <p>7 You know, we haven't heard any evidence on this issue, but</p> <p>8 I think given the number of people that have had the same</p> <p>9 concern, I think the company is going to need to come up</p> <p>10 with a better way of explaining what is going on and why</p> <p>11 there appear, from a customer viewpoint anyway, to be a</p> <p>12 number of discrepancies. So I would make that request.</p> <p>13 And I don't know, Commissioner Mayes, do you have</p> <p>14 comments?</p> <p>15 COM. MAYES: Your Honor, I think that's right on.</p> <p>16 And, in fact, I had planned this afternoon to write a</p> <p>17 letter to Brooke Utilities and Pine Water Company asking</p> <p>18 for an explanation of the water hauling charges issue,</p> <p>19 because I have been receiving e-mails and phone calls at</p> <p>20 my office over the last week or so about the issue.</p> <p>21 We're now hearing it from just about everybody,</p> <p>22 and I don't have a clear understanding yet of why this is</p> <p>23 happening and, obviously, the customers don't as well. So</p> <p>24 we will get to the bottom of that, and I will post my</p> <p>25 letter on my website, and I'll post any response that I</p>	<p style="text-align: right;">Page 129</p> <p>1 there's been good faith negotiating between any of the</p> <p>2 entities that are involved. I personally do not feel like</p> <p>3 tax money should be subsidizing private businesses,</p> <p>4 private developers, whatever.</p> <p>5 I have a question for you. Being an oil man, I</p> <p>6 was under the impression that exploration for oil and</p> <p>7 corollarily for water is permissible as a business</p> <p>8 expense. Is that not true in the case of water?</p> <p>9 ACALJ NODES: Well, it's fairly complicated the</p> <p>10 way rates are set, or is a relatively complicated process.</p> <p>11 Companies that go out and explore for water, if they don't</p> <p>12 find water, you know, they're pretty much out of luck and</p> <p>13 it's a cost of doing business. If they do discover water</p> <p>14 and they are allowed to put whatever well and facilities</p> <p>15 they have to put in place, and the Commission ultimately</p> <p>16 determines that is used and useful property, facilities,</p> <p>17 and it's put into what is called rate base, the company is</p> <p>18 allowed to earn a return on that investment.</p> <p>19 So in a nutshell, it's kind of a mixed answer,</p> <p>20 but that's really basically how the ratemaking system</p> <p>21 operates. I hope that helps.</p> <p>22 MR. BAGSHAW: Okay. I came to this meeting with</p> <p>23 several misconceptions. From what I had read in the</p> <p>24 paper, I understood that there was a disagreement, and but</p> <p>25 if it weren't between Brooke and some of these private</p>

Page 154

1 from Star Valley to Pine, as well as Strawberry, is  
2 detrimental to the newly incorporated Star Valley economy  
3 also, and, ultimately, to Payson.

4 The economy doesn't end on political boundaries.  
5 Businesses and people who are to be attracted to an area  
6 do Internet searches. They read the local newspaper with  
7 stories about no water, moratorium, hauling water, and  
8 outages, and they back away. They don't even visit for  
9 events and festivals to promote tourism, the economic  
10 engine of the Pine area.

11 Therefore, all of the retail, the artists,  
12 restaurants and others are impacted. People with low and  
13 average paying jobs are paying hundreds of dollars for  
14 water per month and extra amounts for insurance on their  
15 homes that impacts their quality of life, that impacts  
16 their ability to afford to live in Pine, and that impacts  
17 our workforce. And we have a very, very difficult time  
18 maintaining and retaining a workforce in that part of Gila  
19 County.

20 Economies are regional. We at Payson Regional  
21 Economic Development Corporation are all concerned about  
22 this outcome.

23 I wish you well in your deliberation and your  
24 decision-making. Thank you.

25 ACALJ NODES: Thank you very much. We appreciate

Page 155

1 your comments. I'm going to go back to a couple of people  
2 who I went past earlier.

3 A Steve Morken, M-O-R-K-E-N. If you're here?  
4 Good.

5 MR. MORKEN: Thank you. My name is Steve Morken,  
6 and I'm a business owner and resident of Pine for the past  
7 three years.

8 Many times I have been disappointed with Pine  
9 Water Company's performance due to water outages at my  
10 business. And not because of lack of water, but because  
11 of water breakage in the lines. And I'm going to speak a  
12 little bit about my water bill as a resident of Pine, and  
13 just looking at the numbers that are kind of consistent  
14 with some of the other things that you have heard today.

15 We consistently use about 3,000 gallons of water  
16 a month at our residence. During the water augmentation  
17 period of June, our bill suddenly showed 11,270 gallons of  
18 water usage. Before that, consistently 3,000 gallons. So  
19 this has never happened before. Three times more than we  
20 have ever used. However, our July bill we used  
21 330 gallons of water at the same residence. I'm not sure  
22 how that happens.

23 So I mean, it seems a little fuzzy to me. Our  
24 water hauling charges, of course, are based on that  
25 11,270 gallons of usage, so our water hauling charges were

Page 156

1 \$183 for the month. That's a lot of money.

2 I also have concerns of other reports that I have  
3 seen reported in the newspaper. And also, the 2006  
4 numbers for Pine Water Company showed that they have  
5 2,016 meters in Pine. And the Payson Roundup, published  
6 by the Chairman of Pine/Strawberry Water Improvement  
7 District, said that Pine Water Company hauled 1.7 million  
8 gallons of water during May and June at a reported cost of  
9 \$89,125.

10 My residential water bills for those two months  
11 for water hauling was \$200. That's an average of \$100 a  
12 month. So just based on \$100 a month, if everybody else  
13 is paying that, that's \$201,000, roughly.

14 So I guess my question is that's a lot more than  
15 \$89,125 for two months of hauling, and we paid \$201,000 in  
16 one month. That seems excessive. I would like to see an  
17 investigation into this matter by the ACC.

18 ACALJ NODES: You heard our earlier comments.  
19 We've asked the company to come up with some explanation  
20 of why there seems to be at least in the customers' mind  
21 some discrepancies on these water hauling charges. And we  
22 don't know as we sit here today whether that is, in fact,  
23 true. That's why we hear evidence and then make  
24 judgments. But certainly enough people have made  
25 statements that they are -- that it's confusing as to how

Page 157

1 those charges are assessed that I think it warrants some  
2 additional investigation. We expect the company to come  
3 up with some explanation as to --

4 Regarding your 6,000-gallon usage that seemed out  
5 of line with your prior usage in a subsequent month of  
6 300, did you contact the company to see if maybe your  
7 meter was not operating properly?

8 MR. MORKEN: I have not contacted them on this  
9 matter.

10 ACALJ NODES: That's something that you may want  
11 to do. Because if it goes really high one month and  
12 really low the next, it sounds like perhaps it might be a  
13 metering problem. And see if maybe they can test your  
14 meter and see what is going on, and maybe make an  
15 adjustment if it appears that that would be appropriate.

16 MR. MORKEN: Yeah.

17 ACALJ NODES: And I apologize for interrupting,  
18 so go ahead with whatever else you wanted to say.

19 MR. MORKEN: Well, I guess, basically, the other  
20 statement, you know, because there is a discrepancy, you  
21 know, from what I can see between possibly 200-and-some-  
22 thousand dollars in revenue versus an \$89,000 cost base,  
23 and they're supposed to pass the cost on to us. So I just  
24 would like to reiterate that that needs to be looked at,  
25 please.

40 (Pages 154 to 157)



Page 214	Page 216
<p>1 wrote you regarding the problem with the pump; correct?</p> <p>2 A. No, I don't think so. I think this is the --</p> <p>3 this has to do with the Portal III well which was shut</p> <p>4 down. I believe that's what it is in reference to.</p> <p>5 Q. If you would look at the second paragraph,</p> <p>6 Mr. Fumusa, doesn't Mr. Hardcastle advise you that in the</p> <p>7 previous month there was more water put into the Solitude</p> <p>8 Trails Domestic Water Improvement system by Pine than Pine</p> <p>9 took out?</p> <p>10 A. That's what he says.</p> <p>11 Q. So --</p> <p>12 A. That's what he states.</p> <p>13 Q. So you didn't do anything to follow up this</p> <p>14 letter or to question the validity of the information that</p> <p>15 he provided?</p> <p>16 A. He provided that information because he believed</p> <p>17 that the meter was wacko and he was putting water back</p> <p>18 into our well. It's nothing we did purposely, and that's</p> <p>19 the reason we shut that well down.</p> <p>20 Q. Well, doesn't it say that during this -- the</p> <p>21 first paragraph: During this event, Pine Water confirmed</p> <p>22 that neither well is or recently has been operating and</p> <p>23 are not, therefore, producing water sufficient for the</p> <p>24 demand requirements of the district.</p> <p>25 Then he goes on to say: The district's</p>	<p>1 A. -- and replaced.</p> <p>2 Q. I'm sorry. I didn't mean to interrupt you. Were</p> <p>3 you finished, sir?</p> <p>4 A. I'm finished.</p> <p>5 Q. Mr. Hardcastle also expressed concern to you in</p> <p>6 October that the district may have been prolonging</p> <p>7 necessary repairs. I'm at the top of Page 2 now, the</p> <p>8 first paragraph.</p> <p>9 Could that have been the case given the fact that</p> <p>10 you seem upset about the nature of the contract, that it</p> <p>11 requires you to pay something on behalf of what you view</p> <p>12 as the Pine Water Company ratepayers?</p> <p>13 MR. GLIEGE: Object to the question.</p> <p>14 Argumentative.</p> <p>15 ACALJ NODES: All right. Rephrase it.</p> <p>16 Q. (BY MR. SHAPIRO) How did you respond to</p> <p>17 Mr. Hardcastle's concern that you may have been delaying</p> <p>18 repairs to the wells for whatever reason?</p> <p>19 A. As far as I can recall, I let him know that we're</p> <p>20 not delaying anything. What reason would we want to --</p> <p>21 well, that's immaterial. No.</p> <p>22 Q. You don't recall any written response to this</p> <p>23 letter that you would have sent the company?</p> <p>24 A. I don't recall, but there could have been.</p> <p>25 MR. SHAPIRO: Your Honor, I will, before I</p>
Page 215	Page 217
<p>1 representative confirmed the nonfunctioning operating</p> <p>2 condition had existed for some period of time. Pine</p> <p>3 Water's comparison of the September and October well</p> <p>4 readings indicated that approximately 300 gallons of water</p> <p>5 had been produced.</p> <p>6 A. To my knowledge, the Cimmaron Pines well has</p> <p>7 never been nonfunctioning with the exception of the three</p> <p>8 times that the pump was burnt out by overpumping or</p> <p>9 whatever would occur.</p> <p>10 Q. And you --</p> <p>11 A. So I'm not familiar with the Cimmaron Pines well,</p> <p>12 the good well, if you will, being down for any reason</p> <p>13 other than a pump was burnt out.</p> <p>14 Q. Well, isn't that what ultimately was found after</p> <p>15 the company wrote to you and expressed a concern over the</p> <p>16 insufficient operations of the well?</p> <p>17 A. I don't recall. I don't recall that whatsoever.</p> <p>18 I know that that well pumps consistently, again, with the</p> <p>19 exception of the three times over the last 11 years that</p> <p>20 we have had to purchase a new pump. And the reason we</p> <p>21 know that is because our 100,000-gallon tank in Solitude</p> <p>22 Trails for 45 customers, it remains full all of the time</p> <p>23 with the exception of the three times that the pump was</p> <p>24 burnt out --</p> <p>25 Q. Mr. Hardcastle --</p>	<p>1 forget, I guess, move PW-6, PW-7, and PW-8.</p> <p>2 ACALJ NODES: Any objection to those exhibits?</p> <p>3 MR. GLIEGE: No objection, Your Honor.</p> <p>4 ACALJ NODES: Okay. PW-6, 7, and 8 are admitted.</p> <p>5 (Exhibits PW-6, PW-7, and PW-8 were received into</p> <p>6 evidence.)</p> <p>7 Q. (BY MR. SHAPIRO) Well, you said that you don't</p> <p>8 know why that would have happened. Let me ask you this</p> <p>9 question. Why would -- you understand that under Pine</p> <p>10 Water Company's hauling tariff, they only recover the</p> <p>11 actual cost of hauling, correct?</p> <p>12 A. That's what it states, but I don't know if that's</p> <p>13 all that they collect. No, I don't know that at all.</p> <p>14 Q. Are you aware that every month that a hauling</p> <p>15 charge is assessed on the customers that calculation is</p> <p>16 confirmed by Arizona Corporation Commission Staff?</p> <p>17 A. What is confirmed? The amount that he purchased</p> <p>18 to haul? Is that amount confirmed?</p> <p>19 Q. I asked you if you --</p> <p>20 A. Does the Corporation Commission know that? How</p> <p>21 many gallons he purchases? Is that what you're asking me?</p> <p>22 Q. Mr. Fumusa, one of the joys of being a lawyer is</p> <p>23 I get to ask the questions. I'm asking you what you know.</p> <p>24 And if you don't know, then just say you don't know.</p> <p>25 A. I'm sorry. I'm sorry. Yeah. You go ahead.</p>

<p style="text-align: right;">Page 218</p> <p>1 What was the question?</p> <p>2 Q. Are you aware of the process by which Corporation</p> <p>3 Commission Staff does a verification of the hauling charge</p> <p>4 before it's assessed to the customers?</p> <p>5 A. I'm not aware of it at all.</p> <p>6 Q. Do you have any evidence or any records to</p> <p>7 support your allegation that Mr. Hardcastle filed a</p> <p>8 complaint regarding your subdivision with the real estate</p> <p>9 department?</p> <p>10 A. Do I have any records of that?</p> <p>11 Q. Yeah.</p> <p>12 A. I believe I would. I believe I would still keep</p> <p>13 that. I would assume.</p> <p>14 Q. There's nothing in your prefiled testimony</p> <p>15 mentioning anything about a real estate complaint;</p> <p>16 correct?</p> <p>17 A. I don't know if there is or not, but I recall</p> <p>18 being at the real estate department to get my subdivision</p> <p>19 back because Mr. Hardcastle had complained that it was an</p> <p>20 illegal subdivision.</p> <p>21 Q. Well, can you take --</p> <p>22 A. I'm testifying to that fact.</p> <p>23 Q. And I'm asking if you have anything to -- any</p> <p>24 public records to confirm that fact?</p> <p>25 A. I may.</p>	<p style="text-align: right;">Page 220</p> <p>1 water to the company, what should they do? Should they</p> <p>2 condemn his well?</p> <p>3 A. No.</p> <p>4 Q. Can they force him to --</p> <p>5 A. I think the question -- again, you're the</p> <p>6 attorney, not me. But the question ought to be if</p> <p>7 Mr. Hardcastle doesn't want to buy water from</p> <p>8 Mr. Peterson, not if Mr. Peterson doesn't want to sell</p> <p>9 water to Mr. Hardcastle.</p> <p>10 Q. Do you have any evidence that Mr. Hardcastle is</p> <p>11 unwilling to buy water from Mr. Peterson?</p> <p>12 A. I know that there isn't any water coming out of</p> <p>13 Strawberry Hollow into Pine Water Company. That's what I</p> <p>14 know.</p> <p>15 Q. And so you don't know and you don't have any</p> <p>16 evidence to present this Commission that Pine Water</p> <p>17 Company is avoiding buying water from this terrific well</p> <p>18 that's owned by SH3?</p> <p>19 A. Would you repeat your question?</p> <p>20 Q. Yes. You don't have any evidence to support your</p> <p>21 testimony that Pine Water Company --</p> <p>22 A. That's correct.</p> <p>23 Q. -- is declining to buy water from this terrific</p> <p>24 well known as SH3?</p> <p>25 A. That's correct.</p>
<p style="text-align: right;">Page 219</p> <p>1 Q. And you would be happy to have Mr. Gliege late</p> <p>2 file anything that you have and come back if need be to</p> <p>3 answer questions?</p> <p>4 A. That's fine. If I still have it, you bet.</p> <p>5 Q. You also said that there were -- and I believe</p> <p>6 the term you used are terrific wells that are owned by</p> <p>7 Mr. Pugel and Mr. Peterson that the company is also</p> <p>8 ignoring water from. Is that your testimony?</p> <p>9 A. Absolutely.</p> <p>10 Q. Do you have knowledge of the history of efforts</p> <p>11 by the company to buy water from Mr. Peterson's well?</p> <p>12 A. I have no knowledge of it. I only know that they</p> <p>13 were in negotiations. And an e-mail I got from</p> <p>14 Mr. Hardcastle stated that Mr. Peterson ended or seceded</p> <p>15 from the negotiations, not him.</p> <p>16 Q. So it's your understanding that the company tried</p> <p>17 to buy water from SH3 and Mr. Peterson terminated</p> <p>18 negotiations?</p> <p>19 A. I'll tell you what my understanding is. My</p> <p>20 understanding is that Mr. Peterson in Strawberry Hollow</p> <p>21 has a very good well. And no water is taken out of it and</p> <p>22 purchased by Pine Water Company, and yet Pine Water</p> <p>23 Company hauls water. There's something wrong with that</p> <p>24 picture.</p> <p>25 Q. Mr. Fumusa, if Mr. Peterson doesn't want to sell</p>	<p style="text-align: right;">Page 221</p> <p>1 Q. And, in fact, you're aware that Mr. Gliege</p> <p>2 stipulated in this case that he's unable to produce</p> <p>3 information regarding the production of the SH3 well.</p> <p>4 You're aware of that?</p> <p>5 MR. GLIEGE: Object to the question. Misstates</p> <p>6 the discussions that we've had. I have never stipulated</p> <p>7 that they could not produce records. I merely informed</p> <p>8 you that you had everything they had.</p> <p>9 MR. SHAPIRO: Well, I guess maybe I can clarify,</p> <p>10 Your Honor, and maybe we should clarify now. I was,</p> <p>11 unfortunately, not at the motion in limine, but it was my</p> <p>12 understanding that Mr. Gliege said on the record that if</p> <p>13 he could not produce production information by July 25,</p> <p>14 that he would be unable to produce it.</p> <p>15 If I'm mistaken, I would be happy to go pull the</p> <p>16 transcript. But that was what was explained to me as the</p> <p>17 discussion that you had with Mr. Gliege at that hearing.</p> <p>18 ACALJ NODES: Well, how does that -- you said he</p> <p>19 stipulated to that.</p> <p>20 MR. SHAPIRO: Poor choice of words, I guess.</p> <p>21 ACALJ NODES: Why don't you rephrase the question</p> <p>22 and see if we can get past the objectionable part.</p> <p>23 Q. (BY MR. SHAPIRO) Do you have any information</p> <p>24 regarding the historic production of the SH3 well?</p> <p>25 A. You're talking to me now?</p>

<p style="text-align: right;">Page 1117</p> <p>1 A. That's not true, Mr. Davis. We pay for the 2 water. We pay for the transport. And, in fact, we pay 3 for it in advance of collecting it from our customers. 4 It is material. 5 Q. Every penny you pay for it you collect back from 6 the customer? 7 A. Hopefully. That's the nature of the regulatory 8 surcharge. 9 Q. What is the financial incentive to you to reduce 10 hauling if it doesn't cost you anything in the end run? 11 A. Well, it certainly is a -- the financial 12 motivation? 13 Q. Yes. 14 A. There is a lot of financial motivation, 15 Mr. Davis, because we are not being paid through the 16 surcharge. We are not being paid all of our total 17 incurred costs for managing the water, the 18 administration that is involved, the operations that are 19 involved in moving, the water transports and scheduling. 20 There is a, there is a factor or function of 21 costs related to water hauling we do not recover, we 22 just absorb. So we have a financial motivation in 23 trying not to do that any more than is absolutely 24 necessary. But because of the regulatory requirements 25 under the curtailment order, we have a dictated period</p>	<p style="text-align: right;">Page 1119</p> <p>1 the water? 2 BY MR. DAVIS: 3 Q. Yes. You pay the water, the trucking company, 4 you pay them 400 or \$500 a truckload, is that what you 5 said? 6 A. We don't pay the trucking company for the cost 7 of the water. 8 Q. But you pay them to haul 10,000 gallons of 9 water? 10 A. No, sir. We pay them for \$6,500 per truck and 11 we pay the prescribed trucking rate. 12 Q. All right. I am confused. You pay them for 13 driving or unloading of the water at Solitude or at 14 Starlight Pines or someplace in Payson, correct? 15 A. Correct. 16 Q. They come back, they put it in your 300,000 17 gallon tank, correct? 18 A. Correct, or wherever it goes. 19 Q. Where -- you don't hire additional people during 20 the hauling stages, do you, hire additional staff? 21 A. We probably wouldn't, we probably wouldn't hire 22 additional staff because of the water hauling. But, you 23 know, during the period of time we are actually hauling, 24 are we potentially hiring other employees? Of course. 25 Q. I am confused as to where all these costs are</p>
<p style="text-align: right;">Page 1118</p> <p>1 not only when we haul water but how long we haul water. 2 Q. The hauling is completely outsourced, an 3 independent company, correct? 4 A. That's the way we do it, yes. 5 Q. So what is your cost? Do you hire additional 6 staff to handle the hauling? 7 A. We have operations people that have to make 8 arrangements for the off-loading of the trucks. We 9 have, you know, obviously we will have mechanical 10 problems in some cases related to that. We have 11 administration costs in terms of the trucking 12 information, being able to schedule where it needs to 13 go, when it needs, where it needs to be delivered, what 14 the source of the supply is. We have to make 15 arrangements for the meters in terms of the source of 16 supply. I mean there is a cost function that is related 17 to water hauling we do not recover. 18 Q. Pretty minor compared to the cost that is billed 19 to the customers, correct? 20 A. I wouldn't classify it as minor. As part of the 21 overall total cost, it may, it may not be, it may not be 22 significant, but there is certainly a cost involved. 23 Q. All right. So when you say 400, \$450 a 24 truckload, that's what the cost is? 25 MR. SHAPIRO: Are you talking about the cost of</p>	<p style="text-align: right;">Page 1120</p> <p>1 that are involved for like one truckload. The truck 2 drives from 300,000 gallon tanks, goes to Starlight 3 Pines, fills up, comes back, dumps it in the 300,000 4 gallon tank. Where were your costs? 5 A. As I said, we have some operational costs. We 6 have some administrative costs related to. Obviously we 7 have a financial cost of carrying the costs of the 8 payment of the money in advance of collecting it from 9 our customers. 10 Q. Which is 60 to 80 days? 11 A. I would say 30 to 40, probably 45 days on 12 average, in some cases a little longer. 13 Q. All right. But you couldn't tell the Staff if 14 they asked you today or the Commissioners if they asked 15 you today in general how much per 10,000 gallons or a 16 thousand gallons or a gallon you typically have to pay 17 to haul, you don't know that figure? 18 A. Mr. Davis, I could probably sit and do the math. 19 I probably have done the math a number of times before 20 on previous years. If Staff required me to do that, I 21 could certainly do that. Again, it depends what the 22 source of the water is and depends where the water comes 23 from. 24 Q. What is your cost per gallon or thousand gallons 25 if you get it directly from your wells as opposed to</p>

Page 1241	Page 1243
<p>1 A. Well, I think I certainly, I have an incentive 2 to invest, you know, more money in the company in terms 3 of future growth and being able to, being able to supply 4 more water to the customers we have. But in terms of 5 the moratoria, I mean the moratoria, the water supply 6 situation is going to have to be, is going to have to be 7 resolved further. I think that's part of the reason why 8 we have interest in the K2 project. 9 Q. Okay. And you are hoping to get 150 gallons a 10 minute out of K2, aren't you? 11 A. We hope to get more than that. 12 Q. Okay. But what happens if you don't? 13 A. Well, I think the terms and conditions of the 14 agreement spell out that we have a business decision to 15 make in terms of how we proceed. 16 Q. What happens to the community if you don't? Do 17 the curtailment tariffs continue? 18 A. Well, the K2 agreement is, the K2 agreement is 19 not proposed or written in such a way where it affects 20 the curtailment tariffs or the water conservation 21 regulations at all. We are hoping to be able to find 22 enough water and correct and modify the water supply 23 situation so that we can make an application to be able 24 to amend those things. 25 Q. Okay. But if you don't find enough water, you</p>	<p>1 position to move forward and apply to have these 2 curtailment tariffs and so on lifted for the community? 3 A. Yes. 4 ACALJ NODES: Let's make sure we are clear on 5 the, on the phraseology here. When you say curtailment 6 tariffs amendment, you are talking about the moratorium, 7 correct? 8 MR. GLIEGE: And the hauling charge. 9 ACALJ NODES: Okay. So by curtailment tariff 10 you are discussing the hauling charges? Because every 11 company has in place curtailment tariffs that are 12 standardized for the most part, and I just want to make 13 sure that we are not mixing two different types of terms 14 for purposes of your questions. 15 Okay. Sorry for the interruption. 16 MR. GLIEGE: That's okay. 17 BY MR. GLIEGE: 18 Q. In trucking water, distance is a factor in the 19 cost, is it not? 20 A. Yes. 21 Q. So the further you have to truck it from, the 22 more the water costs? 23 A. No. 24 Q. No. 25 A. The further you truck it from, the more the</p>
Page 1242	Page 1244
<p>1 will not be able to apply to and those things, correct? 2 A. I don't know that. I don't know that, no. 3 Q. If you don't have enough water, how could you 4 apply to amend the curtailment tariff? 5 A. For example, 150 gallons per minute, if the well 6 was, I mean say the well was productive at 130 gallons a 7 minute, that certainly wouldn't mean the 150 gallon per 8 minute criteria, that doesn't mean we couldn't apply for 9 a modification to the moratoria or the curtailment 10 tariffs. And Staff and the Commission would have to 11 decide for themselves whether that was reasonable or not 12 and either modify or cancel it. 13 Q. And you would agree with me that you cannot 14 control Staff or the Commission's decision? 15 A. That I cannot what? 16 Q. Control the decisions of Staff or the 17 Commission. 18 A. I think I agree with that. 19 Q. So what they do is somewhat speculative? 20 A. Well, I think, you know, they have, they have a 21 regulatory history and certainly work within the 22 regulations and the, and the policies of the Commission. 23 But ultimately their outcome is their decision. 24 Q. Now, if you were able to obtain 150 gallons a 25 minute of water tomorrow, would that put you in a better</p>	<p>1 water costs. There are two cost components to the 2 delivery cost of the water. The cost of the water 3 contained therein doesn't change. 4 Q. But the delivery cost changes? 5 A. The transportation cost changes. 6 Q. And on the surcharge you recover both those 7 costs, correct? 8 A. That's correct. 9 Q. And when you purchase water in Star Valley, that 10 is from a well that is owned by Brooke Utilities? 11 A. No. 12 Q. Is it a private entity of some kind? 13 A. It is owned by Payson Water Company. 14 Q. Okay, Payson Water Company. Is Payson Water 15 Company opened by Brooke Utilities? 16 A. Yes, it is. 17 Q. So you are buying water from a relative 18 corporation, correct? 19 A. Correct. 20 Q. And you are paying their bulk water rate, 21 whatever may have been set by the Commission, correct? 22 A. The commodity rate, yes. 23 Q. So the only part of that cost that is not a 24 related company is the transportation cost, the trucking 25 cost?</p>

Pine Water / Complaint by Pugel, et al. 9/27/2007  
W-03512A-06-0407, et al. Vol. VI

Page 1245

1 A. The transportation cost is related to an outside  
2 contractor, yes.  
3 Q. Right. That outside contractor is not related  
4 to Pine, Strawberry, Payson or Brooke Utilities?  
5 A. That's correct.  
6 Q. So when you say it costs \$450 a truck, how much  
7 of that is the commodity cost and how much of that is  
8 transit cost?  
9 A. Well, I think the commodity cost, for example,  
10 from the Starlight Pines well, if memory serves me  
11 correctly, is about \$5.50 per thousand. And you are  
12 hauling 6,500 gallons per load of water, so do the math.  
13 I mean what is that? 35 or \$40 worth of water?  
14 Q. So 35 or 40. So the remaining 400 some odd  
15 dollars is the cost of the trucking?  
16 A. That's correct.  
17 Q. If you were to truck water from a closer  
18 location, would it be cheaper, would the total cost be  
19 cheaper?  
20 A. In some cases, yes.  
21 Q. So if you were to purchase bulk water from the  
22 Strawberry Hollow well, you wouldn't have to truck it as  
23 far, correct?  
24 A. Well, that would be true. I don't know whether  
25 we would consider trucking it from the Strawberry Hollow

Page 1246

1 well at all.  
2 Q. Okay. But I mean, just hypothetically, if you  
3 were desperate for water today and didn't have time to  
4 build any capital improvements, it would be cheaper  
5 probably to acquire Strawberry Hollow water than it  
6 would be to acquire Star Valley water because the  
7 transportation costs are cheaper?  
8 A. Depending on what the bulk commodity cost of the  
9 water is, it would be less expensive to truck water one  
10 mile than it would be to truck water 20 miles.  
11 Q. And likewise, purchasing from the Pugel/Randall  
12 well would be the same, it would be a lesser cost?  
13 A. Presumably, on the, for the transportation  
14 component of the cost.  
15 Q. Which is the larger component, correct?  
16 A. Yes.  
17 Q. So have you entered into negotiations with  
18 either Strawberry Hollow or Mr. Pugel and Mr. Randall to  
19 acquire bulk water from their wells?  
20 A. I have certainly talked to Mr. Peterson in the  
21 past about purchasing water from the SH3 Well. I have  
22 not talked to Mr. Pugel about that, about water from his  
23 well.  
24 Q. Even though it is right there in the community?  
25 A. That's correct.

Page 1247

1 Q. And you are being reasonably diligent in your  
2 pursuit of sources of water?  
3 A. We think we are.  
4 Q. And not talking to Mr. Pugel who is in the  
5 community and not having satisfactory negotiations with  
6 Mr. Peterson is how you would define due diligence?  
7 A. Well, I think you would have to distinguish the  
8 two cases. I think in regard to the negotiation that  
9 Mr. Peterson, Mr. Peterson is the one that terminated  
10 those negotiations, not us.  
11 And with regard to Mr. Pugel and his well, we  
12 should remember that we sent Mr. Mr. Pugel two will  
13 serve letters that said we are prepared to work with him  
14 and proceed toward a regulatory variance so that we can  
15 suffer his property and move forward.  
16 Q. So you feel that send those two letters to  
17 Mr. Pugel constitutes a diligent search for additional  
18 water?  
19 A. Yes, I do. Especially when Mr. Pugel has chosen  
20 to not reply to either letter and has made it abundantly  
21 clear that he has no interest in working with us and  
22 Pine water company in the acquisition of that water for  
23 his project or the community.  
24 Q. And you indicated that Mr. Peterson terminated  
25 the negotiations to purchase water from the SH3 Well.

Page 1248

1 Since that time have you reapproached him to see if  
2 there was a possibility of reopening those negotiations?  
3 A. No, Mr. Gliege. I think that occurred in July,  
4 early July, late June of this year.  
5 Q. And you have made no further effort to try to  
6 reopen those negotiations?  
7 A. No. It has only been 30 or 60 days.  
8 Q. You are certain about those dates?  
9 A. That's my recollection.  
10 Q. So as far as Mr. -- or ATM Corporation or  
11 Mr. Weekes are concerned, you have testified that you  
12 don't know when they will be able to receive water from  
13 Pine, correct?  
14 A. With regard to the ATM project?  
15 Q. Right.  
16 A. That's correct.  
17 Q. So the deprivation of water from that project is  
18 tantamount to stopping that project, is it not?  
19 A. Well, I think that's why we have suggested  
20 entering into a will serve letter, so that we can  
21 approach the Commission on a, for a variance to the  
22 moratorium and see if we cannot resolve that problem  
23 with the Commission for the ATM project.  
24 Q. Why is it incumbent upon the property owner to  
25 apply for the variance? They are not subject to the

47 (Pages 1245 to 1248)

Payson Water Co.

**Water Use Data Sheet**

15-Aug-09

NAME OF COMPANY: PAYSON WATER CO. (Mesa del Caballo)

ADEQ PUBLIC WATER SYSTEM: PWS # 04-030

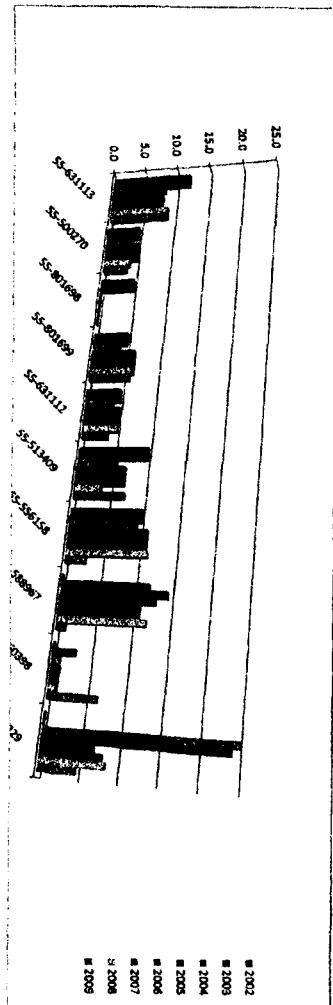
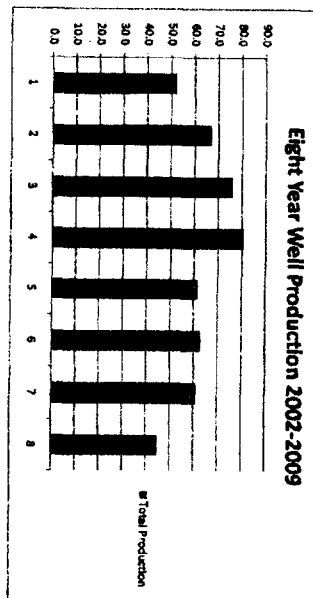
Month/Year	No. Active Customers	Gallons Sold (thousands)	Gallons Pumped (thousands)	Gallons Purchased	Gallons Hauled
Jul-08	376	1,386	840	772	0
Aug-08	378	1,416	794	741	0
Sep-08	376	1,418	897	740	0
Oct-08	374	1,813	718	912	0
Nov-08	373	1,335	775	699	0
Dec-08	371	1,202	508	759	0
Jan-09	373	1,316	731	808	0
Feb-09	371	1,050	714	680	0
Mar-09	372	1,388	739	688	0
Apr-09	371	1,477	878	647	0
May-09	371	1,598	1,017	533	65,000
Jun-09	383	1,594	1,022	508	71,500
Jul-09	385	1,962	1,181	622	292,500

Storage Tank Capacity (Gallons)	Number Each	ADWR Well	Actual Well
		ID Number	Production (gpm)
15,000	3	55-631113	9.0
20,000	1	55-500270	3.6
40,000	1	55-801698	0.0
		55-801699	6.0
		55-631112	3.7
		55-513409	7.2
		55-556158	2.8
		55-588967	1.2
		55-560398	6.6
		55-58229	4.8

Other Water Sources in GPM:	None
Fire Hydrants on System:	No
Total Water Pumped Last 13 Months (000's Gallons):	10,814
Estimated	

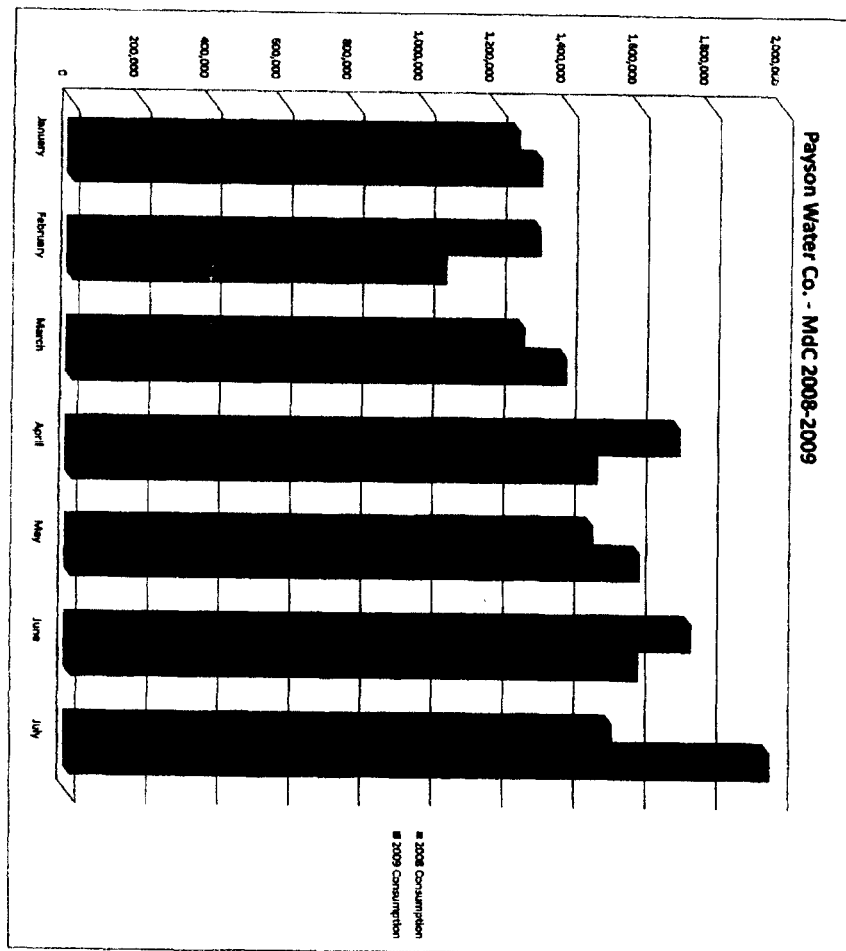
Brooks Utilities, Inc.  
**2007-2009 Mesa del Caballo Water Conservation**  
 15-Aug-09

	Well Production (GPD)									
	2002	2003	2004	2005	2006	2007	2008	2009	2009	2009
55-631113	12.0	12.0	8.4	8.0	8.0	8.0	8.0	9.0	9.0	9.0
55-500270	5.0	5.0	4.0	5.2	5.2	5.2	5.2	4.0	3.6	3.6
55-801698	5.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
55-801699	5.0	5.0	4.0	6.4	6.4	6.4	6.4	6.4	6.0	6.0
55-631112	3.0	3.0	4.0	5.1	5.1	5.1	5.1	3.7	3.7	3.7
55-513409	10.0	10.0	5.7	7.0	7.0	7.0	7.0	11.2	11.2	11.2
55-56158	10.0	10.0	9.5	11.0	11.0	11.0	11.0	12.0	12.0	12.0
55-588967	0.0	12.0	14.6	13.0	11.0	11.0	11.0	1.0	1.0	1.0
55-560396	0.0	3.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
55-580229	0.0	0.0	24.0	24.0	6.9	8.0	8.0	8.5	4.8	4.8
<b>Total Production</b>	<b>52.0</b>	<b>67.0</b>	<b>76.2</b>	<b>80.7</b>	<b>61.6</b>	<b>62.7</b>	<b>60.9</b>	<b>60.9</b>	<b>60.9</b>	<b>60.9</b>



Brooks Utilities, Inc.  
 2008-2009 Consumption Mesa del Caballo  
 15-Aug-09

	2008	2009	% Change
January	1,254,569	1,316,542	4.9%
February	1,314,276	1,030,610	-20.1%
March	1,271,005	1,388,422	9.2%
April	1,708,755	1,476,899	-13.6%
May	1,465,558	1,598,318	9.1%
June	1,742,386	1,594,111	-8.5%
July	1,521,037	1,962,007	29.0%
Total	10,277,516	10,386,729	1.1%





COMPANY NAME Payson Water Co., Inc.

12/31/2010

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 455,280	\$ 437,162
460	Unmetered Water Revenue		
474	Other Water Revenues	16,307	10,302
	<b>TOTAL REVENUES</b>	<b>\$ 471,587</b>	<b>\$ 447,464</b>
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$ 39,280	\$ 51,561
610	Purchased Water	65,629	24,322
615	Purchased Power	60,817	60,310
618	Chemicals	3,491	42
620	Repairs and Maintenance	20,684	15,492
621	Office Supplies and Expense		
630	Outside Services	7,392	41,021
635	Water Testing	13,590	14,124
641	Rents	2,522	
650	Transportation Expenses		
657	Insurance – General Liability		
659	Insurance - Health and Life	2,210	2,374
666	Regulatory Commission Expense – Rate Case	1,381	
675	Miscellaneous Expense	214,601	248,909
403	Depreciation Expense	83,667	76,927
408	Taxes Other Than Income	13	
408.11	Property Taxes	35,237	23,634
409	Income Tax		
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 550,514</b>	<b>\$ 558,716</b>
	<b>OPERATING INCOME/(LOSS)</b>	<b>\$ (78,927)</b>	<b>\$ (111,252)</b>
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		(516,000)
427	Interest Expense	(153)	(23)
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	<b>\$ (153)</b>	<b>\$ (516,023)</b>
	<b>NET INCOME/(LOSS)</b>	<b>\$ (79,080)</b>	<b>\$ (627,275)</b>

COMPANY NAME Payson Water Co., Inc

12/31/2011

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 437,162	\$ 474,116
460	Unmetered Water Revenue		
474	Other Water Revenues	10,302	22,923
	<b>TOTAL REVENUES</b>	<b>\$ 447,464</b>	<b>\$ 497,039</b>
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$ 51,561	\$ 56,886
610	Purchased Water	24,322	46,604
615	Purchased Power	60,310	60,782
618	Chemicals	42	
620	Repairs and Maintenance	15,492	22,692
621	Office Supplies and Expense		
630	Outside Services	41,021	48,621
635	Water Testing	14,124	17,916
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life	2,374	2,614
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	248,909	231,299
403	Depreciation Expense	76,927	77,458
408	Taxes Other Than Income		
408.11	Property Taxes	23,634	24,892
409	Income Tax		
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 558,716</b>	<b>\$ 589,764</b>
	<b>OPERATING INCOME/(LOSS)</b>	<b>\$ (111,252)</b>	<b>\$ (92,725)</b>
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses	(516,000)	(650)
427	Interest Expense	(23)	(10)
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	<b>\$ (516,023)</b>	<b>\$ (660)</b>
	<b>NET INCOME/(LOSS)</b>	<b>\$ (627,275)</b>	<b>\$ (93,384)</b>

COMPANY NAME Payson Water Co., Inc

12/31/2012

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 474,116	\$ 386,877
460	Unmetered Water Revenue		
474	Other Water Revenues	22,923	8,031
	<b>TOTAL REVENUES</b>	<b>\$ 497,039</b>	<b>\$ 394,908</b>
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$ 56,886	\$ 55,688
610	Purchased Water	46,604	51,953
615	Purchased Power	60,782	56,482
618	Chemicals		
620	Repairs and Maintenance	22,692	27,774
621	Office Supplies and Expense		
630	Outside Services	48,621	67,734
635	Water Testing	17,916	11,000
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life	2,614	266
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	231,299	249,525
403	Depreciation Expense	77,458	61,428
408	Taxes Other Than Income		
408.11	Property Taxes	24,892	11,127
409	Income Tax		
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 589,764</b>	<b>\$ 592,977</b>
	<b>OPERATING INCOME/(LOSS)</b>	<b>\$ (92,725)</b>	<b>\$ (198,069)</b>
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		771,571
426	Miscellaneous Non-Utility Expenses	(650)	
427	Interest Expense	(10)	(14)
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	<b>\$ (660)</b>	<b>\$ 771,557</b>
	<b>NET INCOME/(LOSS)</b>	<b>\$ (93,384)</b>	<b>\$ 573,488</b>

Payson Water Co., Inc.

# 2011 Mdc Water Augmentation Worksheet

7-Jun-12

		2011					
Water Haul	Invoice	Receipt	Process	May-June	June-July	July-August	August-September
Gallons Sold				624,064	1,234,320	1,324,579	1,092,771
Bill Dates				22-Jun-11	22-Jul-11	24-Aug-11	22-Sep-11
Meter read dates				16-Jun-11	16-Jul-11	17-Aug-11	16-Sep-11
Pearson invoice 8803	8-Jun-11	16-Jun-11	23-Jun-11		\$2,250.00		
Pearson invoice 8804	19-Jun-11	22-Jun-11	23-Jun-11		\$3,600.00		
Pearson invoice 8807	24-Jun-11	5-Jul-11	6-Jul-11		\$2,850.00		
Pearson invoice 8808	3-Jul-11	9-Jul-11	12-Jul-11		\$3,000.00		
Pearson invoice 8811	8-Jun-11	14-Jul-11	18-Jul-11		\$1,050.00		
Pearson invoice 8812	30-Jun-11	15-Jul-11	18-Jul-11		\$3,150.00		
Pearson invoice 8815	5-Aug-11	17-Aug-11	19-Aug-11			\$3,300.00	
Pearson invoice 8816	12-Aug-11	17-Aug-11	19-Aug-11			\$3,450.00	
Pearson invoice 8819	25-Aug-11	7-Sep-11	8-Sep-11				\$2,700.00
Pearson invoice 8822	1-Sep-11	7-Sep-11	8-Sep-11				\$3,000.00
Pearson invoice 8823	5-Sep-11	7-Sep-11	8-Sep-11				\$2,550.00
Pearson invoice 8825	28-Sep-11	20-Oct-11	21-Oct-11				\$1,950.00
TOP water supply charges				\$0	\$863.77	\$1,221.50	\$0.00
EVP water supply charges				\$0	\$0.00	\$83.84	\$0.00
Net water supply charges				\$0.00	\$863.77	\$1,137.66	\$0.00
Total Water Hauling Costs				\$0.00	\$16,763.77	\$7,887.66	\$8,952.26
Total Cost per Gallon				\$0.0000000000	\$0.0135813808	\$0.0059548430	\$0.0081922562
							\$35,553.69

TOTAL CONSUMPTION

1,234,320

**Water Hauling Costs:**

Water Hauling Period	Vendor	Invoice	Date	Amount
05/23/2011 -				
06/23/2011				
06/07/2011 -				
06/08/2011				
06/07/2011 -				
06/08/2011				
06/29/2011 -				
06/30/2011				
07/03/2011 -				
07/03/2011				
06/19/2011 -				
06/20/2011				
06/24/2011 -				
06/24/2011				

**TOTAL Water Hauling Costs:****\$16,763.77****Calculation:**

Total Costs	Dollars	\$16,764	=	\$0.0136
Consumption	Gallons	1,234,320		

TOTAL CONSUMPTION

1,284,670

**Water Hauling Costs:**

Water Hauling Period	Vendor	Invoice	Date	Amount
06/23/2011 -				
07/22/2011				
08/11/2011 -				
08/12/2011				
08/04/2011 -				
08/05/2011				

**TOTAL Water Hauling Costs:****\$7,650.00****Calculation:**

<u>Total Costs</u>	Dollars	<u>\$7,650</u>	=	<b>\$0.00595484</b>	€
Consumption	Gallons	1,284,670			

Payson Water Co., Inc.

**Responses to ACC Date Requests DRE 1-11 Received April 5, 2012**

Docket No. W-03514A-12-008

DRE1-11

4-Apr-12

**WATER USE DATA SHEET**

Payson Water Co., Inc.

PWS 04-030

<u>Month Year</u>	<u>Customers</u>	<u>Gallons Sold</u>	<u>Gallons Pumped</u>	<u>Gallons Purchased</u>
Feb-11	369	1,312,890	557,420	586,340
Mar-11	367	1,273,325	516,410	555,110
Apr-11	364	971,505	552,020	478,240
May-11	361	1,118,563	678,890	645,690
Jun-11	366	624,064	655,850	601,190
Jul-11	370	1,234,320	588,420	595,090
Aug-11	372	1,324,579	711,330	506,610
Sep-11	369	1,092,771	571,660	505,140
Oct-11	366	1,069,560	611,330	606,950
Nov-11	364	1,023,967	467,950	609,130
Dec-11	365	998,937	481,410	609,130
Jan-12	366	1,001,982	450,940	505,030
Feb-12	367	1,010,069	508,370	662,560

<u>Storage Tank Capacity</u>	<u>Number Each</u>	<u>ADEQ Well ID#</u>	<u>Well GPM</u>
15,000	3	55-631113	4
20,000	1	55-500270	2.4
40,000	1	55-801698	0
		55-801699	0
		55-556312	0
		55-513409	3
		55-556158	8.5

Other Water Sources in GPM:

None

Fire Hydrants in System:

None

Total Water Pumped Last 13 Months:

12,743,642

Carmen Madrid

**From:** Connie Walczak  
**Sent:** Monday, April 11, 2011 1:17 PM  
**To:** Al Amezcua; Bradley Morton; Carmen Madrid; Deborah Reagan; Guadalupe Ortiz; Jenny Gomez; Richard Martinez; Sheila M. Stoeller; Trish Meeter  
**Subject:** FW: Stage 2: Mesa del Caballo  
FYI

---

**From:** Brooke Utilities [mailto:bui\_info@brookeutilities.com]  
**Sent:** Monday, April 11, 2011 10:23 AM  
**To:** Undisclosed recipients  
**Subject:** Stage 2: Mesa del Caballo

**Date:** April 11, 2011  
**Time:** 1000 hours

**Re:** Mesa del Caballo Water System **Stage 2 Water Conditions**  
Pursuant to ACC Decision No.71902 dated September 28, 2010

Please be advised that, pursuant to the above referenced ACC Decision, **voluntary Stage 2** water conservation conditions are effective immediately. All customers should endeavor to immediately reduce water consumption at least 20% as measured on a "daily basis". Further water use restrictions exist as follows: (a) no outside watering is permitted on Mondays, Thursday's and Friday's; (b) outside watering is permitted on Tuesday's and Saturday's for customers with odd numbered street addresses; (c) outside watering is permitted on Wednesday's and Sunday's for customers with even numbered street addresses; and, (d) during the period May 1 through September 30 annually outdoor watering using spray or airborne irrigation shall be conducted during the hours of 8 p.m. to Midnight or during the hours of 3 a.m. to 7 a.m. Customers of Mesa del Caballo have been Noticed by means of changing water conservation staging signs and electronic mail.

Thank you for your cooperation.

Payson Water Co.

*The Payson Water Advisory List ("List") is the exclusive property of Brooke Utilities, Inc. and the content, information, names, e-mail addresses, references, notes or other information contained in any transmission is not intended for the forwarding, editing, rebroadcast, inclusion in mailing lists, reproduction, photocopying, publishing, redistribution, or modification by any person or party without the prior expressed, written permission of the author. Brooke Utilities, Inc. reserves the right to remove any subscriber from the List at any time for any reason whatsoever including failure to observe the restrictions and limitations indicated herein. The information presented in the List is believed to be accurate and representative of issues discussed therein and intended only for customers and/or approved direct subscribers of the List. Generally, Brooke Utilities, Inc. does not respond to e-mail replies to the water advisories as the purpose of the List is for read-only information.*

7/17/2012



**Carmen Madrid**

---

**From:** Connie Walczak  
**Sent:** Thursday, May 26, 2011 10:10 AM  
**To:** Al Amezcua; Bradley Morton; Carmen Madrid; Deborah Reagan; Guadalupe Ortiz; Jenny Gomez; Richard Martinez; Sheila M. Stoeller; Trish Meeter  
**Subject:** FW: Stage 3 Notice: Mesa del Caballo Residents Only  
FYI

---

**From:** Brooke Utilities [mailto:bui\_info@brookeutilities.com]  
**Sent:** Thursday, May 26, 2011 8:34 AM  
**To:** Undisclosed recipients  
**Subject:** Stage 3 Notice: Mesa del Caballo Residents Only

**Date:** May 26, 2011  
**Time:** 0830 hours  
**Re:** Mesa del Caballo Water System **Stage 3 Water Conditions**  
Pursuant to ACC Decision No.71902 dated September 28, 2010

Please be advised that, pursuant to the above referenced ACC Decision, **MANDATORY** Stage 3 water conservation conditions are effective immediately. All customers should endeavor to immediately reduce water consumption at least 30% as measured on a "daily basis". Failure by customers to reduce water consumption to this level may result in disconnection. Further water use restrictions exist as follows: (a) no outside watering is permitted on Mondays, Thursday's and Friday's; (b) outside watering is permitted on Tuesday's and Saturday's for customers with odd numbered street addresses; (c) outside watering is permitted on Wednesday's and Sunday's for customers with even numbered street addresses; and, (d) during the period May 1 through September 30 annually outdoor watering using spray or airborne irrigation shall be conducted during the hours of 8 p.m. to Midnight or during the hours of 3 a.m. to 7 a.m. Under Stage 3 conditions the following use of water is strictly prohibited: (1) all outdoor irrigation; (2) washing vehicles; (3) outdoor dust control or cleaning; (4) outdoor drip irrigation or misting systems; (5) filling of pools, spas, or any other outdoor water features; (6) all construction water; (7) restaurant or convenience store patrons served water only on request; (8) ANY other water intensive activity. Under Stage 3 conditions new water meters and service lines are prohibited. Customers of Mesa del Caballo have been Noticed by means of changing water conservation staging signs and electronic mail. Customers may be disconnected without further notice if they are found to be in violation of Stage 3 water conservation measures. Reconnection fees for violation of Stage 3 conditions will be applied to all customers seeking reconnection.

Thank you for your cooperation.

Payson Water Co.

Carmen Madrid

---

**From:** Connie Walczak  
**Sent:** Thursday, June 23, 2011 8:06 AM  
**To:** Al Amezcua; Bradley Morton; Carmen Madrid; Deborah Reagan; Guadalupe Ortiz; Jenny Gomez; Richard Martinez; Sheila M. Stoeller; Trish Meeter  
**Subject:** FW: Stage 3 Notice: Mesa del Caballo Customers  
FYI

\*\*\* I believe I have asked this before, since Bob sends this to 'undisclosed recipients' I do not know if CONS is included. If you receive his Status & Stage notices, someone - only need it from one, please let me know and I will not forward these.

Thanks.

---

**From:** Brooke Utilities [mailto:bui\_info@brookeutilities.com]  
**Sent:** Wednesday, June 22, 2011 2:58 PM  
**To:** Undisclosed recipients  
**Subject:** Stage 3 Notice: Mesa del Caballo Customers

Date: June 22, 2011  
Time: 1430 hours

Re: Mesa del Caballo Water System **Stage 3 Water**  
**Conditions**

Pursuant to ACC Decision No.71902 dated September 28, 2010

Please be advised that, pursuant to the above referenced ACC Decision, **MANDATORY Stage 3** water conservation conditions are effective immediately. All customers should endeavor to immediately reduce water consumption at least 30% as measured on a "daily basis". Failure by customers to reduce water consumption to this level may result in disconnection. Further water use restrictions exist as follows: (a) no outside watering is permitted on Mondays, Thursday's and Friday's; (b) outside watering is permitted on Tuesday's and Saturday's for customers with odd numbered street addresses; (c) outside watering is permitted on Wednesday's and Sunday's for customers with even numbered street addresses; and, (d) during the period May 1 through September 30 annually outdoor watering using spray or airborne irrigation shall be conducted during the hours of 8 p.m. to Midnight or during the hours of 3 a.m. to 7 a.m. Under **Stage 3** conditions the following use of water is strictly prohibited: (1) all outdoor irrigation; (2) washing vehicles; (3) outdoor dust control or cleaning; (4) outdoor drip irrigation or misting systems; (5) filling of pools, spas, or any other outdoor water features; (6) all construction water; (7) restaurant or convenience store patrons served water only on request; (8) ANY other water intensive activity. Under Stage 3 conditions new water meters and service lines are prohibited.

Customers of Mesa del Caballo have been Noticed by means of changing water conservation staging signs and electronic mail. Customers may be disconnected without further notice if they are found to be in violation of **Stage 3** water conservation measures. Reconnection fees for violation of **Stage 3** conditions will be applied to all customers seeking reconnection.

Thank you for your cooperation.

Payson Water Co.

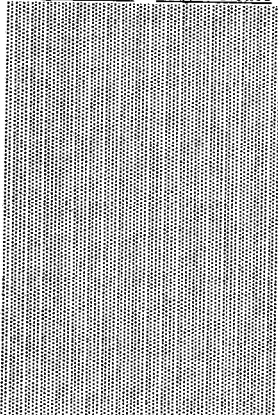
*The Payson Water Advisory List ("List") is the exclusive property of Brooke Utilities, Inc. and the content, information, names, e-mail addresses, references, notes or other information contained in any transmission is not intended for the forwarding, editing, rebroadcast, inclusion in mailing lists, reproduction, photocopying, publishing, redistribution, or modification by any person or party without the prior expressed, written permission of the author. Brooke Utilities, Inc. reserves the right to remove any subscriber from the List at any time for any reason whatsoever including failure to observe the restrictions and limitations indicated herein. The information presented in the List is believed to be accurate and representative of issues discussed therein and intended only for customers and/or approved direct subscribers of the List. Generally, Brooke Utilities, Inc. does not respond to e-mail replies to the water advisories as the purpose of the List is for read-only information*

Brooke Utilities, Inc.

**2011 ACC Water Staging Notice**

Report Date: 17-Jun-11

Time: 1:45 PM

<u>Water Company</u>	<u>Water System</u>	<u>Stage 1 Notice</u>	<u>12 Hour Stage 2 Notice</u>	<u>6 Hour Stage 3 Notice</u>	<u>6 Hour Stage 4 Notice</u>	<u>4 Hour Stage 5 Notice</u>
Payson	MdC					
Payson	WP					
Payson	EVP					
Payson	GE/EA					
Payson	FS					
Payson	MR					
Payson	DC					
Payson	SV					
Payson	TCS					
Tonto Basin	LRGW/WS					
Tonto Basin	LGRE					
Tonto Basin	NBE					
Tonto Basin	RLE					
Tonto Basin	CF					
Navajo	SP					
Navajo	CP					
Navajo	LE					

Brooke Utilities, Inc.

***2011 Actual Water Conservation Stage Status***

Report Date: 21-Jun-11

Time: 8:03 AM

<u>Water Company</u>	<u>Water System</u>	Water Conservation <u>Stage</u>
Payson	MdC	2
Payson	WP	1
Payson	EVP	1
Payson	GE/EA	1
Payson	FS	1
Payson	MR	1
Payson	DC	1
Payson	SV	1
Payson	TCS	1
Tonto Basin	LRGW/WS	1
Tonto Basin	LGRE	1
Tonto Basin	NBE	1
Tonto Basin	RLE	1
Tonto Basin	CF	1
Navajo	SP	1
Navajo	CP	1
Navajo	LE	1

Brooke Utilities, Inc.

**2011 ACC Water Staging Notice**

Report Date: 22-Jun-11

Time: 8:24 AM

<u>Water Company</u>	<u>Water System</u>	<u>Stage 1 Notice</u>	<u>12 Hour Stage 2 Notice</u>	<u>6 Hour Stage 3 Notice</u>	<u>6 Hour Stage 4 Notice</u>	<u>4 Hour Stage 5 Notice</u>
Payson	MdC			X		
Payson	WP					
Payson	EVP					
Payson	GE/EA					
Payson	FS					
Payson	MR					
Payson	DC					
Payson	SV					
Payson	TCS					
Tonto Basin	LRGW/WS					
Tonto Basin	LGRE					
Tonto Basin	NBE					
Tonto Basin	RLE					
Tonto Basin	CF					
Navajo	SP					
Navajo	CP					
Navajo	LE					

**Carmen Madrid**

---

**From:** Connie Walczak  
**Sent:** Friday, June 24, 2011 8:32 AM  
**To:** Al Amezcua; Bradley Morton; Carmen Madrid; Deborah Reagan; Guadalupe Ortiz; Jenny Gomez; Richard Martinez; Sheila M. Stoeller; Trish Meeter  
**Subject:** FW: MdC

FYI

-----Original Message-----

**From:** Bob Hardcastle [mailto:rth@brookeutilities.com]  
**Sent:** Friday, June 24, 2011 7:47 AM  
**To:** Connie Walczak; David Allred; Katie Samarripas  
**Subject:** MdC

Stage 4 conditions at MdC are in effect.

RTH

Sent From My Blackberry Bold

**Carmen Madrid**

---

**From:** Connie Walczak  
**Sent:** Monday, June 27, 2011 8:13 AM  
**To:** Al Amezcua; Bradley Morton; Carmen Madrid; Deborah Reagan; Guadalupe Ortiz; Jenny Gomez; Richard Martinez; Sheila M. Stoeller; Trish Meeter  
**Subject:** FW: Water turned off at Elusive Acres  
FYI - in case we receive calls related to this Friday afternoon outage.

---

**From:** Bob Hardcastle [mailto:rth@brookeutilities.com]  
**Sent:** Monday, June 27, 2011 8:00 AM  
**To:** Rebecca Sigeti; BHumphrey@azcc.gov; Bradley Morton; Marlin Scott Jr; pblack@flaw.com; Connie Walczak  
**Cc:** David Allred  
**Subject:** RE: Water turned off at Elusive Acres

**I will not comment on the root message and reply only with regard to the facts.**

**Operations staff were working in the EA area of Friday, June 24 repairing an unrelated part of the SCADA water system infrastructure. The afterhours emergency Call Center received and relayed a message to Operations personnel at 1602 hours of a reported low pressure condition in EA. The message was routed to the staff on site. Investigation revealed that a well column pipe check valve had failed and well water was draining back into the well and system back pressure was depleting service supply. This resulted in the storage tank be drawn down and lower working pressure to the upper service locations of EA. Normally, this is a only a moderate repair but because the check valve required additional work and a replacement valve had to be delivered to the site more time than usual was required. Additional Operations staff arrived at the site at 1646 hours with replacement materials and parts. The repairs were completed and the water system returned to service at 1730 hours. Operations further reported that the storage tank was full by 2045 hours. The Company's review of this matter indicates the reporting system and operational repairs were conducted as they should have been.**

**It should be noted that this operational condition was unrelated to any specific customer or the events earlier in the day concerning the Prahin-Sigetti formal complaint.**

**Robert T. Hardcastle**  
President  
Brooke Utilities, Inc.  
P.O. Box 82215  
Bakersfield, CA 93380  
(661) 633-7526

7/17/2012



PAGE 64

(781) 823-3070 fax  
RTH@jaco.com

**From:** Rebecca Sigeti [mailto:sigeti@hughes.net]

**Sent:** Friday, June 24, 2011 5:49 PM

**To:** Bob Hardcastle; BHumphrey@azcc.gov; BMorton@azcc.gov; MScottJr@azcc.gov; pblack@flaw.com

**Subject:** Water turned off at Elusive Acres

All

I was threatened today with monetary damages if myself and/or Mr Prahin disconnected water service from

Elusive Acres to Geronimo Estates. However, I come home today from work and find out that my water is shut off and has been off since 4:00 p.m. today. I have also contacted some people in Geronimo Estates and they have water!!

Whats going on am I being discriminated against because of my position regarding the Elusive Well??

Mr Hardcastle just on Monday June 20th in a conference call with the ACC said there are no planned fixes to do and no major repairs necessary to the system and the all was working great!!!

Well I'm not working great today. Seems a little convenient that myself and only Elusive Acres homeowners are out of water , and this water comes from the Well on Elusive Acres but Geronimo Estates homeowners have water??

I have called the customer service # on my bill with no response now for two hours. I have emailed judge nodes as well to let him know about this water outage.

Does Brooke Utilities get threatened with monetary damages for shutting off my water??? Or because I am disputing ownership I don't get treated like a customer anymore??

**Carmen Madrid**

**From:** Connie Walczak  
**Sent:** Tuesday, June 28, 2011 2:02 PM  
**To:** Al Amezcua; Bradley Morton; Carmen Madrid; Deborah Reagan; Guadalupe Ortiz; Jenny Gomez; Richard Martinez; Sheila M. Stoeller; Trish Meeter  
**Subject:** FW: Water Conservation Notice

fyi

---

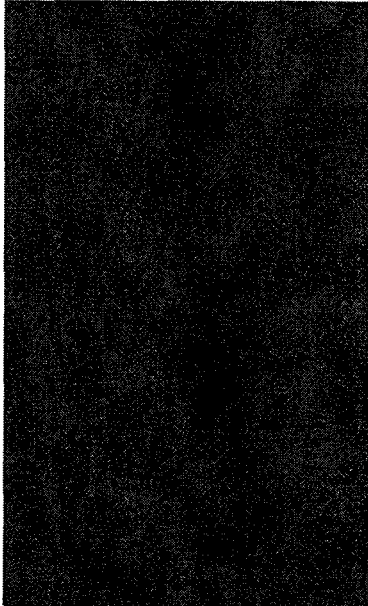
**From:** Bob Hardcastle [mailto:rth@brookeutilities.com]  
**Sent:** Tuesday, June 28, 2011 1:47 PM  
**To:** Connie Walczak  
**Cc:** David Allred; Katie Samarripas  
**Subject:** Water Conservation Notice

Brooke Utilities, Inc.

***2011 ACC Water Staging Notice***

Report Date: 28-Jun-11

Time: 1:44 PM

<u>Water Company</u>	<u>Water System</u>	<u>Stage 1 Notice</u>	<u>12 Hour Stage 2 Notice</u>	<u>6 Hour Stage 3 Notice</u>	<u>6 Hour Stage 4 Notice</u>	<u>4 Hour Stage 5 Notice</u>
Payson	MdC					
Payson	WP					
Payson	EVP					
Payson	GE/EA					
Payson	FS					
Payson	MR					
Payson	DC					
Payson	SV					
Payson	TCS					
Tonto Basin	LRGW/WS					
Tonto Basin	LGRE					
Tonto Basin	NBE					
Tonto Basin	RLE					
Tonto Basin	CF					
Navajo	SP					
Navajo	CP					
Navajo	LE					

**RTH**

6/28/2011

Brooke Utilities, Inc.

**2011 Actual Water Conservation Stage Status**

Report Date: 7-Jul-11

Time: 9:09 AM

<u>Water Company</u>	<u>Water System</u>	<u>Water Conservation Stage</u>
Payson	MdC	3
Payson	WP	1
Payson	EVP	2
Payson	GE/EA	1
Payson	FS	1
Payson	MR	1
Payson	DC	1
Payson	SV	1
Payson	TCS	1
Tonto Basin	LRGW/WS	1
Tonto Basin	LGRE	1
Tonto Basin	NBE	1
Tonto Basin	RLE	1
Tonto Basin	CF	1
Navajo	SP	1
Navajo	CP	1
Navajo	LE	1

Carmen Madrid

---

**From:** Brooke Utilities [bui\_info@brookeutilities.com]

**Sent:** Tuesday, July 12, 2011 2:28 PM

**To:** Undisclosed recipients

**Subject:** EVP

**Date:** July 12, 2011

**Time:** 1400 hours

**Re:** Water conservation STAGE 1

**Stage 1 conditions now exist in EVP.**

**Payson Water Co.**

Carmen Madrid

---

**From:** Brooke Utilities [bui\_info@brookeutilities.com]

**Sent:** Tuesday, July 12, 2011 2:27 PM

**To:** Undisclosed recipients

**Subject:** MdC

**Date:** **July 12, 2011**

**Time:** **1400 hours**

**Re:** **Water conservation STAGE 2**

**Stage 2 conditions now exist in MdC.**

**Payson Water Company**

Brooke Utilities, Inc.

**2011 Actual Water Conservation Stage Status**

Report Date: 17-Jul-11

Time: 7:45 PM

<u>Water Company</u>	<u>Water System</u>	<u>Water Conservation Stage</u>
Payson	MdC	2
Payson	WP	1
Payson	EVP	1
Payson	GE/EA	1
Payson	FS	1
Payson	MR	1
Payson	DC	1
Payson	SV	1
Payson	TCS	1
Tonto Basin	LRGW/WS	1
Tonto Basin	LGRE	1
Tonto Basin	NBE	1
Tonto Basin	RLE	1
Tonto Basin	CF	1
Navajo	SP	1
Navajo	CP	1
Navajo	LE	1

Carmen Madrid

---

**From:** Connie Walczak  
**Sent:** Tuesday, July 19, 2011 1:24 PM  
**To:** Al Amezcua; Bradley Morton; Carmen Madrid; Deborah Reagan; Guadalupe Ortiz; Jenny Gomez; Richard Martinez; Sheila M. Stoeller; Trish Meeter  
**Subject:** FW: Payson Water Co. - MdC  
FYI (from 7-18)

---

**From:** Brooke Utilities [mailto:bui\_info@brookeutilities.com]  
**Sent:** Monday, July 18, 2011 8:06 AM  
**To:** Undisclosed recipients  
**Subject:** Payson Water Co. - MdC

**Date:** July 18, 2011  
**Time:** 0800 Hours  
**Re:** Mesa del Caballo Water Conservation  
**Conditions**

**STAGE 3 water conservation conditions are presently in effect. It is a MANDATORY requirement that all customer consumption must be reduced 30% effective immediately.**  
**Thank you for you cooperation.**

**Payson Water Co.**

PAGE 71

Carmen Madrid

---

**From:** Connie Walczak  
**Sent:** Wednesday, August 10, 2011 7:30 AM  
**To:** Al Amezcua; Bradley Morton; Carmen Madrid; Deborah Reagan; Guadalupe Ortiz; Jenny Gomez; Richard Martinez; Sheila M. Stoeller; Trish Meeter  
**Subject:** FW: Mesa del Caballo  
FYI

---

**From:** Brooke Utilities [mailto:bui\_info@brookeutilities.com]  
**Sent:** Wednesday, August 10, 2011 6:24 AM  
**To:** Undisclosed recipients  
**Subject:** Mesa del Caballo

**Date:** August 10, 2011  
**Time:** 0620 hours  
**Re:** Water Conservation

**Water storage levels have declined during the last 24 hours. PLEASE AVOID WATER HAULING COSTS by conserving water. No one likes to haul water and pay for it. You CAN IMMEDIATELY EFFECT your costs by avoiding more water hauling costs.**

**PLEASE CONSERVE WATER!!**

**Payson Water Co.**



Carmen Madrid

---

**From:** Brooke Utilities [bui\_info@brookeutilities.com]

**Sent:** Wednesday, August 10, 2011 3:28 PM

**To:** Undisclosed recipients

**Subject:** Mesa del Caballo

**Date:** August 10, 2011

**Time:** 1525 hours

**Re:** **STAGE 3 WATER CONSERVATION CONDITIONS**

**Please be advised that STAGE 3 WATER CONSERVATION CONDITIONS are now in effect at the Mesa del Caballo water system. The staging requires a MANDATORY reduction in water consumption and the prohibition of ALL outside watering on Monday, Thursday, and Friday. Please reduce your water consumption immediately to avoid water conservation enforcement action.**

**PLEASE reduce water consumption to avoid ADDITIONAL water augmentation charges related to declining water storage levels.**

**Thank you for your cooperation.**

**Payson Water Co.**

Carmen Madrid

---

**From:** Brooke Utilities [bui\_info@brookeutilities.com]  
**Sent:** Thursday, August 11, 2011 7:33 AM  
**To:** Undisclosed recipients  
**Subject:** Mesa del Caballo

**Date:** August 11, 2011  
**Time:** 0730 hours  
**Re:** Stage 3 WATER CONSERVATION LEVELS

**Water storage levels declined further overnight. We are very near being required to haul water again. PLEASE avoid this condition and costs by conserving all the water possible.**

**Under Stage 3 there should be NO OUTSIDE WATERING WHATSOEVER today.**

**Payson Water Co.**

Carmen Madrid

---

**From:** Brooke Utilities [bui\_info@brookeutilities.com]

**Sent:** Friday, August 26, 2011 6:52 AM

**To:** Undisclosed recipients

**Subject:** Mesa del Caballo

**Date:** August 26, 2011

**Time:** 0700 hours

**Re:** Stage 2 Water Conservation Conditions

**Please be advised that Stage 2 voluntary water conservation conditions are now in effect.**

**Payson Water Co.**

Carmen Madrid

---

**From:** Brooke Utilities [bui\_info@brookeutilities.com]

**Sent:** Sunday, August 28, 2011 6:49 PM

**To:** Undisclosed recipients

**Subject:** Mesa del Caballo

**Date:** August 28, 2011

**Time:** 1505 hours

**Re:** Stage 3 Water Conservation Conditions

**At the present time Stage 3 water conservation conditions are in effect at MdC. All water consumption is required to be reduced at least 30%. There is no outside watering permitted on Monday.**

**Payson Water Co.**

Carmen Madrid

---

**From:** Brooke Utilities [bui\_info@brookeutilities.com]

**Sent:** Tuesday, August 30, 2011 11:37 AM

**To:** Undisclosed recipients

**Subject:** Mesa del Caballo

**Date:** August 30, 2011

**Time:** 1400 hours

**Re:** STAGE 4 WATER CONSERVATION Conditions

**Please be advised that the MdC water system is currently in STAGE 4 water conservation conditions which REQUIRES a 40% reduction in normal water consumption. PLEASE REDUCE YOUR WATER CONSUMPTION IMMEDIATELY.**

**Thank you for your cooperation.**

**Payson water Co.**

Carmen Madrid

---

**From:** Brooke Utilities [bui\_info@brookeutilities.com]

**Sent:** Wednesday, August 31, 2011 8:52 PM

**To:** Undisclosed recipients

**Subject:** Mesa del Caballo

**Date:** August 31, 2011

**Time:** 2045 hours

**Re:** Stage 3 Water Conservation Conditions

**The MdC water system is now on Stage 3 water conservation conditions. All customers should reduce consumption by 30% to meet this mandatory criteria.**

**Thank you for you cooperation.**

**Payson Water Co.**

PAGE 78

Carmen Madrid

---

**From:** Brooke Utilities [bui\_info@brookeutilities.com]

**Sent:** Saturday, September 03, 2011 12:38 PM

**To:** Undisclosed recipients

**Subject:** Mesa del Caballo

**Date:** September 3, 2011

**Time:** 1245 hours

**Re:** STAGE 3 WATER CONSERVATION CONDITIONS

**Please be advised that STAGE 3 MANDATORY WATER CONSERVATION CONDITIONS are now in affect at the MdC water system. The water conservation condition REQUIRES a mandatory 30% reduction in water usage immediately. Please avoid water disconnection over the holiday weekend by violating these requirements.**

**Thank you for your cooperation.**

**Payson Water Co.**

PAGE 79

Carmen Madrid

---

**From:** Brooke Utilities [bui\_info@brookeutilities.com]

**Sent:** Sunday, September 04, 2011 9:11 AM

**To:** Undisclosed recipients

**Subject:** East Verde Park

**Date:** September 4, 2011

**Time:** 0900 hours

**Re:** Stage 3 Water Conservation Conditions

**CAUTION! Water demand is exceedingly high. Water storage levels are declining. Prevent further water conservation stage restrictions by reducing water demand.**

**PLEASE CONSERVE WATER. Stage 3 water conservation conditions are MANDATORY REQUIREMENTS. Reduce water consumption and avoid disconnection and violations of the water use requirements.**

**PLEASE!**

**Payson Water Co.**



PAGE 80

Carmen Madrid

---

**From:** Brooke Utilities [bui\_info@brookeutilities.com]

**Sent:** Sunday, September 25, 2011 2:45 PM

**To:** Undisclosed recipients

**Subject:** Mesa del Caballo

**Date:** September 25, 2011

**Time:** 1100 hours

**Re:** STAGE 3 Water Conservation Levels

**Please be advise that Stage 3 water conservation levels are now in effect. All customers are required to reduce consumption 30% in an effort to allow more water storage to increase.**

**We appreciate your observation of these conditions and efforts to conserve water.**

**Payson Water Co.**



**PROPOSAL FOR PROFESSIONAL  
ENGINEERING SERVICES**

---

**Project Name:** Source Water Shortage & Storage Evaluation

**Client Name:** East Verde Park Water Company

**Location:** Gila County, AZ.

**Project No.:** <pending>

**Date:** 10 February 2014

**Engineer:** Jeff Bower, PE

---

**1.0 INTRODUCTION**

The East Verde Park Water Company provides drinking water supplies to the East Verde Park community of approximately 140 residential services in Gila County, Arizona. The community is located approximately 2 miles north of Payson, Arizona off of Highway 87/260.

In 2012, the water provider's three (3) groundwater wells pump 3,800,760 gallons. However, during the summer months, the water company's wells could not maintain supplies and approximately 207,000 gallons were hauled in from an approved source. In 2011, the water company hauled in 58,873 and in 2013; 10,900 gallons were hauled.

The water company is requesting an evaluation of the existing wells for potential rehabilitation plans and other options that may be available for bolstering supplies to help meet summer demands. Also, the water company is in need of new water storage tanks.

Tres Rios Consulting Engineers ("Tres Rios") and our expert sub-consultant, Southwest Groundwater Consultants ("SGC") have experience working together in evaluating groundwater source potential and options. We have often found that a groundwater well that was once a substantial producer, but then slowly declined in production due to scaling build-up on the well screen (or obstructions or damage, etc.). The slow decline was essentially imperceptible, but over time it became an obvious problem.

Also, Tres Rios' engineers will assist the water company in deciding the type and amount of storage is required for the community based on the historical water use and requirements of the ADEQ. Our engineers work with very small water providers and have numerous cost-effective options to help address water storage improvements. The design will include a booster station designed around a low-flow maintenance pump and VFD-controlled main boosters to help save operational costs in the future.

Below is an outline of the project and fee proposal to complete the work.

1 Neither of these conditions is necessary for the Company to accomplish the goal  
2 here – construction of the interconnection between our Mesa del Caballo (MDC)  
3 system and the Town of Payson's water supplies (the "Interconnection"). As a  
4 result, I will offer an alternative approach regarding the augmentation tariff that  
5 would limit the significant downside risk to the Company.

6 **Q. DOES THE COMPANY HAVE ANY OTHER CONCERNS WITH THE**  
7 **STAFF REPORT?**

8 A. Yes. First, in the purchased water surcharge Staff used in its examples is \$2.75 per  
9 1000 gallons as the commodity cost of the water to be purchased from the Town.<sup>3</sup>  
10 I suspect Staff got that number from the Company's rate application, but that  
11 number relates to water from the Cragin pipeline, which is not completed or in  
12 service. The water we purchase now from the Town and the water we will deliver  
13 through the Interconnection is currently priced by the Town at approximately \$7.48  
14 per 1000 gallons. This is not a special rate – it is the rate that the Town of Payson  
15 also charges the Tonto Apache Tribe, and two of the Payson schools. When the  
16 Cragin pipeline begins operation (estimated to be in 2016) the cost is anticipated to  
17 go down to \$2.75); but the \$7.48 is the current Town rate over which we have no  
18 control.

19 Second, in its report Staff states that the Commission should affirm it will  
20 decide the rate case by the "end of 2014." While this language is not repeated in  
21 the actual condition (Staff Condition No. 11), I am concerned it will cause  
22 confusion. To be absolutely clear, the only reason we concluded that we could  
23 proceed to build the Interconnection without an interim increase in our overall  
24 revenue requirement, was Staff's stipulation and Judge Nodes' approval of a

25  
26 Staff's proposed purchased water adjuster.

<sup>3</sup> Staff Report at Attachment C.

# TOWN OF PAYSON WATER DEPARTMENT

## Customer Maintenance - Ledger

Date : 12/10/2013 10:03:59 AM  
User Name : jfigueroa

Account Number : 00011268	Customer Name : JW WATER HOLDINGS LLC	Status : Active
Home Phone : 7209491384	Work Phone : 7202600531	Billing Type : Normal
Class : Commercial	Billing Status :	Billing Cycle : Normal
Address : DENVER, CO 80230		

7581 E ACADEMY BLVD STE 229

Service Location	Listed From	Description	Date	Amount	Balance
		Payment	12/9/2013	(29.31)	0.00
		Charge	11/22/2013	29.31	29.31
		Payment	11/18/2013	(29.31)	0.00
		Charge	10/24/2013	29.31	29.31
		Payment	10/15/2013	(206.31)	0.00
		Charge	9/26/2013	206.31	206.31
		Payment	9/9/2013	(646.87)	0.00
		Charge	8/27/2013	646.87	646.87
		Payment	8/15/2013	(4626.19)	0.00
		Charge	7/26/2013	4626.19	4626.19
		Payment	7/11/2013	(1890.41)	0.00
		Charge	6/26/2013	1890.41	1890.41
		Balance Forward...	6/25/2013	0.00	0.00

PAGE 84

# TOWN OF PAYSON WATER DEPARTMENT

## Customer Maintenance - Transactions - Payments

Date : 12/10/2013 10:34:24 AM  
 User Name : jfigueroa

Account Number	: 00011268	Customer Name	: JW WATER HOLDINGS LLC	Status	: Active
Home Phone	: 7209491384	Work Phone	: 7202600531	Billing Type	: Normal
Class	: Commercial	Billing Status	:	Billing Cycle	: Normal
Address	: 7581 E ACADEMY BLVD STE 229 DENVER, CO 80230				

Date Range : -

Trans Date	Pay Date	Pay Method	Document Number	Total Amount Credited	User Name	Collector	Receipt Number
12/9/2013 12:00:00 AM	12/09/2013	Check		29.31	CGildroy		432121
11/18/2013 12:00:00 AM	11/18/2013	Check		29.31	CGildroy		429026
10/15/2013 12:00:00 AM	10/15/2013	Check		206.31	CGildroy		423149
9/9/2013 12:00:00 AM	09/09/2013	Check	1045	646.87	CGildroy		416226
8/15/2013 12:00:00 AM	08/15/2013	Check		4,626.19	CGildroy		412980
7/11/2013 12:00:00 AM	07/11/2013	Check	1042	1,890.41	CGildroy		406762

# TOWN OF PAYSON WATER DEPARTMENT

## Customer Maintenance - Ledger

Page : 1

PAGE 65

Date : 12/10/2013 10:48:10 AM  
User Name : jfigueroa

Account Number : 00009634	Customer Name : PAYSON WATER COMPANY (BROOKE UTIL)	Status : Inactive	
Home Phone : 9284762500	Work Phone : 9282312035	Billing Type : Normal	
Class : Bulk	Billing Status :	Billing Cycle : Inactive	
Address : BAKERSFIELD, CA 93380			

P O BOX 82218

Service Location : <All>  
Listed From : All Periods

Description	Date	Amount	Balance
Payment	6/24/2013	(1794.90)	0.00
Charge	6/11/2013	1794.90	1794.90
Payment	6/10/2013	(1663.96)	0.00
Charge	5/28/2013	1663.96	1663.96
Payment	5/13/2013	(28.18)	0.00
Charge	4/26/2013	28.18	28.18
Payment	4/8/2013	(28.18)	0.00
Charge	3/26/2013	28.18	28.18
Payment	3/11/2013	(28.18)	0.00
Charge	2/27/2013	28.18	28.18
Payment	2/11/2013	(28.18)	0.00
Charge	1/29/2013	28.18	28.18
Payment	1/14/2013	(28.18)	0.00
Charge	12/26/2012	28.18	28.18
Payment	12/13/2012	(104.91)	0.00
Charge	11/28/2012	104.91	104.91
Payment	11/13/2012	(466.37)	0.00
Charge	10/26/2012	466.37	466.37
Payment	10/9/2012	(26.09)	0.00
Charge	9/26/2012	26.09	26.09
Payment	9/17/2012	(392.17)	0.00
Charge	8/28/2012	392.17	392.17
Payment	8/13/2012	(1554.97)	0.00
Charge	7/26/2012	1554.97	1554.97
Payment	7/9/2012	(2405.68)	0.00
Charge	6/27/2012	2405.68	2405.68

1

2 On March 21, 2013 Payson Water Co. received Complainant's Motion to Compel  
 3 Response to Data Requests and Subpoenas Duces Tecum (the "Motion"). As such Payson  
 4 Water Co. brings to the Commission's attention Complainant's near final statement of the  
 5 Motion that "[I]t is telling that, despite the number of requests above, Respondent has  
 6 provided not a single document in response" (see Motion, page 10, lines 1-12).  
 7 Complainant requires the preceding pages to point out various subpoenas and data  
 8 requests that he would like for the Commission to believe were disregarded or ignored.  
 9 This conclusion is inaccurate, at best, and disingenuous, at worst. It is simply not the  
 10 case.

11 Perhaps Complainant is confused. Generally, most responses to data requests and  
 12 other orders compelling document production are, as a practical matter, informally  
 13 exchanged between the parties without being filed in the docket. Complainant should  
 14 consult his own files to discern that Payson Water Co. has complied with Commission  
 15 issued subpoenas and each data request issued by Complainant.<sup>1</sup> Most clearly obvious is  
 16 that data submission made in the Gehring et al Docket dated March 27, 2012 – almost a  
 17 year ago (see attached Exhibit 1). This timely compliance filing by Payson Water Co.  
 18 includes consumption calculations for numerous months of the period April through  
 19 September 2011 (the "Augmentation Period"), relevant Pearson Water Co. water hauling  
 20 invoices, and supporting water hauling logs, upon which the invoices were based, of the  
 21 water that was hauled to the Mesa del Caballo water system during the Augmentation  
 22 Period. As such, Complainant's conclusionary statement regarding Payson Water  
 23 Co.'s non-compliance is simply not accurate.

24 It should also be noticed to the Commission that the Gehring Docket contains more  
 25 than a hundred documents exchanged or presented between the parties; accepted dozens  
 26 of documents included as hearing exhibits and as part of the record; took testimony from

<sup>1</sup> It should be noted that no subpoenas or data requests have been issued or received by Payson Water Co. in Docket No. W-03514A-12-0008 (Smith) but that various requests for document production were received, and complied with, in Docket No. W-03514A-12-0007 (Gehring). At the hearing of August 7, 2012 the Administrative Law Judge of the Commission took Administrative Notice of the Gehring Docket and merged it with the Smith Docket.  
 Docket No. W-03514A-12-0007